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No. 31,012

PARIS, WEDNESDAY, NOVEMBER 3, 1982

ESTABLISHED 1887

# Referendum on Reaganomics Is Seen as Americans Vote

#### Renewal of House, Third of Senate May Be Midterm Democratic Gain

By Fred Farris onal Herald Tribuna

WASHINGTON — Americans voted Tuesday for 33 senators, 425 congressmen, 36 governors and a host of local officials in a midterm election that many consider a referendum on President Ronald Reagan's economic

Pollsters for both Democrats and Republican parties predicted the turnout would reverse the downward trend of midterm elections — halfway through the four-year presidential term — in Most of the poils closed after midnight GMT. the last two decades.

Political observers, while saying local and regional issues would determine results in many races, were expecting a general temperature-testing on Mr. Reagan's controversial economic principles, which many Americans blame for the current 10.1percent unemployment rate and deep recession.

Mr. Reagan himself was "hopeful" of the outcome, said the White House spokesman, Larry M. Speakes.

Spokesmen for both parties have conceded that the results in the House race are the test on which to measure the president and his Republican Party. But Democrats, who in mid-October had anticipated a landslide in their favor as a result of economic hard times, now are more modest in their hoped-for gains.

Final estimates by party officials were that the Democrats, who already control the House by a 241-192 margin (with two vacancies), would gain 15 to 20 additional seats and would increase by a minimum of five crease by a minimum of five seats the Democratic strength in governorships. There now are 27

Democratic, 23 Republican gov-

(The reason only 425 seats in the 435-member House were at stake Tuesday is because of a unique Louisiana law that led to election of its eight House members — six Democrats, two Republicans — in the Sept. 11 primary, and because two seats in a redrawn Georgia district will be voted on Nov. 30.)

Of the House Democrats, be-tween 29 and 44 are conservatives who have given Mr. Reagan the margin of victory for his controversial spending and tax cuts in the 97th Congress.

But analysts predicted continued Republican control of the Senate, which they now control, 54 to 45, with one Independent. However, some Senate races are so close that Republican strength may drop by two or three seats.

In addition to thousands of state and local elections, there were referendums and initiatives on many state and city ballots, involving such controversial issues as handgun bans, return of the death penalty, legalized gam-bling, abortion and whether to endorse a nuclear weapons

More than \$300 million was spent in the congressional cam-paign, making this the most expensive House-Senate election in

In the last days of the cam-paign, which ended Monday, Democrats have tried to increase voter fears that Republicans have secret plans to curb Social Security benefits after the elec-

The party chairman, Charles Manatt, cited a story Monday to that effect in the new newspaper, USA Today, and called the re-



President Reagan on election night as he left a Washington hospital after visiting an adviser who had suffered a stroke.

ported intention "the most elaborate coverup and clandestine operation since Richard Nixon's Watergate caper."

Mr. Speakes called the allegation "an outright lie."

Appearing in a joint television interview Tuesday morning, Mr. Manatt and the Republican national chairman, Richard Richards, agreed the Senate races were crucial to the nation's next two years. While Mr. Richards

predicted a one-to-two-seat Senate gain for the Republicans, a 10-12-seat House loss and the loss of four governorships, Mr. Manatt predicted Democrats would gain at least two Senate

seats, pick up 20 or more House seats and five to seven state Among the key contests are

• In a classic left-vs.-right (Continued on Page 2, Col. 7)

#### In Period of Transition, Electorate Is Unsure of What Message to Send

By Haynes Johnson

Washington Post Service
WASHINGTON — Tuesday's
election has been billed as a referendum on Reaganomics. To the extent the voters strengthen or diminish the president's governing congressional coalition, that description is correct. But no ballot fashioned this fall provides citizens an opportunity to express the complicated kinds of political messages many would like to deliver.

A reporter returns home after talking with people in all sec-tions of the country convinced they want to stay the course with the president and to force him to make a midcourse correction in

These are not as paradoxical as they seem. People know that long after this election has passed into history fundamental economic problems will continue to bedevil the country, and they are not being addressed by the current national political de-

People interviewed, whether in big business or in organized labor, in small business or in farming, recognize that America appears to be in transition. Basic heavy industries that provided much of the nation's wealth and jobs are being replaced by some-thing different. This fact raises major questions about how best to prepare the country for its next phase and how to retrain perhaps millions of workers af-fected.

Another fact emerges from this long look at the country today. This economic dislocation has shaken people everywhere. It has torn away illusions about regions or individuals being im-mune from recession. In this respect, today's economic climate

**Pope Strongly Condemns Divorce** 

differs significantly from others

over the last generation.

For the first time, an entire spectrum of society is affected. If not themselves, they know someone who has been seriously hurt, who either has lost a job or a business or stands in danger of suffering one or both of these

Naturally, that experience is profoundly disturbing. It also carries political connotations. Two scenes, out of many, are

In Greenville, South Carolina, in a church annex, volunteers were beginning to serve unem ployed men, women, and children lunch in a soup line. One of the volunteers, a retired textile executive who survived the Great Depression, was talking about a church board meeting he recently attended. People present, he recalled, kept mentioning the name of someone they knew who has been badly hit by the

recession.

That's when it comes home to you how serious it is," the man said. He had other reasons: His son, a professional, has just lost his job.

The other scene was in a similar setting. In Everett, Washington, the anteroom of the Volun-teers of America office was crowded with people waiting for the daily distribution of free food to begin. Seated to the side was a middle-aged couple. The woman was holding her hus-band's hand, and his head was slumped in dejection. Written words cannot convey the picture of desolation and defeat. They had come to an end, and knew

not where to turn. The new realities of these new hardships are causing people to (Continued on Page 2, Col. 4)

# **Beirut Leaders** Seek Power to Rule by Decree

By James F. Clarity

New York Times Service
BEIRUT — Prime Minister
Shafiq al-Wazzan asked the Lebanese Parliament on Tuesday for sweeping emergency powers to al-low the administration of President Amin Gemayel to rule Lebanon by decree.

Mr. Wazzan asked Parliament for power to act in every aspect of Lebanese life without the approval of Parliament for eight months. He also asked Parliament for a vote of confidence in his 10-member cabinet and linked the vote to concomitant approval of the emergency

Political analysts said it was too soon to predict whether the Parlia-ment, which elected Mr. Gemayel in September, would give him the vote of confidence and the right to rule by decree.

But during his speech to the Par-liament making his requests, Mr. Wazzan was interrupted several times by deputies yelling their opposition to his proposals. Parliament is to begin debate on the prime minister's requests on

Thursday. "In my 40 years in government," said former President Camille Chamoun, a Christian deputy, "I have never seen a government ask

for such powers." Saeb Salam, a former prime minister and still the most prominent Moslem leader in the country, said after the prime minister's speech that the vote of confidence should not have been linked to the

request for emergency powers.

Mr. Wazzan, a Moslem named
by President Gemayel, a Maronite
Christian, to succeed himself last month as prime minister, asked for emergency and extraordinary legislative power to be able to amend existing laws and regulations and introduce new legislation," accord-

ing to a summary of his speech is-sued by the Information Ministry. The powers are sought in all areas of government — the military, state security, information, the judicial system, education. economy and finance, and the civil

Specific changes in laws were

pies much of the north and east of

the country.

His remarks were seen as a clear warning to rightist forces in Spain, which traditionally act in the name not disclosed. of Catholicism, that the church would not support any attempt to overthrow the country's young de-

"The sentiments he expressed are very close to those of the people of Spain," Mr. González said

Earlier the pope celebrated Mass in Almudena Cemetery in Madrid, where the dead of both sides in the Spanish civil war are

Mr. Wazzan, for the second consecutive day, also openly criticized Israel for its occupation of the southern half of the country while stating that Lebanon wanted good relations with Syria, which occu-

On Monday, the prime minister accused Israel of paralyzing Lebanese government functions, and he threatened Lebanese officials and

citizens who collaborated with the

Israelis with loss of their Lebanese

citizenship.

The prime minister's attitude is a paradox, produced and ex-plained by the ineluctable duplica-ty of Middle East politics. Mr. Gemayel, who named Mr. Wazzan prime minister, was for years 2 leader of the Christian Phalangist party, whose military forces were headed by his younger brother,

Bashir Gemayel, who had his militia armed by Israel and was considered at least cordial to Israel, was elected president, with Israeli approval and while Beirut was encircled by the Israeli army in August. He was assassinated Sept. 14 and Parliament elected

Amin Gemayel in his place. Amin Gemayel had not been active as a pro-Israeli Phalangist and had quietly kept up contacts with the Palestine Liberation Organiza-

tion and leaders in Arab nations. When he became president Sept. 23, he made it clear that he did not want to sign a peace treaty and have immediate diplomatic rela-tions with Israel. Mr. Gemayel has also made it clear that he wants close relations with Arab nations, and he plans to visit several of them next month.

In another development in Beirut, the U.S. Marines an-nounced Tuesday that they would begin Wednesday to patrol East Beirut, until now the stronghold of the Phalangist-dominated Chris-tian militiamen. The Reagan administration decision to permit the broader role for the Americans was announced in Washington

Monday. Colonel Jonathan Abel, the marine spokesman, emphasized that the marines would not be looking for a fight. "Our mission." he said at a press briefing, "is an extension of our presence, to facilitate the president of Lebanon's efforts to stabilize the country."

In recent weeks, the Lebanese Army has established a slight pres-ence at a few intersections in East Beirut but has not taken control of the Christian sector of the capital. Simultaneously, the Christian milia nave removed their checkpoints and ordered their soldiers not to wear their uniforms in the

■ Draper Returns to Beirut

The special U.S. Middle East envoy, Morris Draper, arrived back in Lebanon from Israel on Tuesday to brief Lebanese leaders on the differences still remaining between the Lebanese and Israeli views on the best framework for troop withdrawal negotiations, according to The Associated Press and United Press International.



The pope shakes hands with Felipe González, the Socialist Party leader, who is likely to become prime minister in December. Behind the pope at the meeting Tuesday was King Juan Carlos.

## Key Congressmen Caution Reagan Against IMF Loan to South Africa

By Richard M. Weintraub

WASHINGTON - Key members of Congress have warned the Reagan administration that a favorable vote by the United States on a \$1.1 billion International Monetary Fund loan to South Afnca could jeopardize future U.S. funding for international lending.

At least 35 legislators have written Treasury Secretary Donald T. Regan opposing the loan outright or urging that such a loan contain conditions designed to change South Africa's system of apartheid.

Reagan administration sources have given no public indication of how the United States will vote Wednesday, but they say that a delay, which some members of Congress have requested, is unlikely and that the U.S. vote will be strictly on economic grounds.

A meeting between a Treasury delegation led by Richard Erb, the U.S. executive director to the IMF, and congressional staff members a week ago failed to sway Capitol Hill sentiment, according to parti-

"My greatest concern is that U.S. support for yet another IMF loan to South Africa, the largest international loan in South Africa's history, will be perceived by

be viewed by the nonwhite community within South Africa as support for an unjust status quo, Representative Howard Wolpe, a Michigan Democrat and chairman of the House Foreign Affairs subcommittee on Africa, wrote Mr. Regan.
Thirty-one members of Con-

gress from the Ad Hoc Monitoring Group on Southern Africa pointedly warned Mr. Regan in a letter dated Oct. 21: "It is very likely that the question of U.S. participation in the IMF will be raised during the next session of Congress."

Mr. Wolpe noted more explicitly in his letter that Congress is to take up IMF funding at the next session and said, "I doubt whether U.S. taxpayers would support the continued extension of U.S. taxpavers' dollars to a white-minority government whose entire framework of laws, institutions and practices are anathema to the principles upon which this country was

Supporters of the loan fall into two categories. By far, the larger number argue that IMF loan decisions must be kept free of political considerations because to do otherwise would subvert the institution. The IMF is one of the main tools for international monetary authorities to assist troubled econ-

the South African government as
an endorsement of the government's spending priorities and will

Others argue that even on political grounds the administration's
policy of "constructive engage-

ment" toward South Africa has brought greater change in that government's policies than the confrontation of previous administra-

In an Oct. 19 letter to Mr. Rean, members of the Congressional Black Caucus sharply attacked the loan, arguing that it is impossible to separate economic and political considerations in regard to South Africa and citing other situations where the United States is believed to have used its influence to oppose a loan for political reasons.

"The administration has politicized the IMF on a number of occasions: in opposing loans to Nicaragua, Vietnam and Grenada, and in insisting upon a loan to El Salvador despite Western European and IMF staff opposition on financial grounds," the letter said.

The loan issue comes at an awkward time for the administration as it struggles to maintain momentum for the centerpiece of its Africa policy, an effort to gain inde-pendence from South Africa for South-West Africa (Namibia). After considerable progress earlier this year, the negotiations appear have hit a serious stumbling block over the issue of Cuban

troops in Angola. The UN General Assembly voted, 121-3, last month to oppose the loan to South Africa, West United States in that vote.

#### And Abortion in Address in Spain Socialists said they would permit end of the Franco dictatorship in New York Times Service

MADRID -- Pope John Paul II. cheered by a crowd estimated at more than one million people, condemned divorce and abortion here Tuesday in terms of exceptional

Spain, which is heavily Roman Catholic, legalized divorce last year and its newly elected governing party has committed itself to liberalizing the law that prohibits any abortion.

Earlier in the day, at the royal palace, the pope had warmly shaken hands with Felipe González, who is to become prime minister early next month, when the Socialist Party forms a government following its victory in last week's

Speaking at a Mass dedicated to Christian families at a plaza in central Madrid, the pope put for-ward the traditional position of the church on marriage and the family without adding anything new, but he did so in language stronger than he has used for some time.

He was repeatedly interrupted by resounding applause when he allowed his voice to rise in emphasis. He spoke clearly in Spanish that bore the mark of his native

"Matrimony is an indissoluble communion of love," the pope said. "Therefore, any attack on conjugal indissolubility is at the same time against the original design of God and the dignity and truth of conjugal love."

Although on his arrival in Spain Sunday the pope stressed the strictly pastoral nature of his 10day visit and appeared to forswear a voice in political matters, he called on Catholics to live in indissoluble unions "even in the presence of legal norms that may point

in another direction." Turning to birth control, John Paul quoted his predecessor, Pope Paul VI, who said, "Every conjugal act must remain open to the trans-

mission of life." It was on abortion - which the

■ Since its creation, the International Atomic Energy Agency has been something of a fa-vorite child of the United States. But today it is something of an orphan, its future in doubt. Page 5

INSIDE

The Japanese government will file a formal complaint against the International Whaling Commission's decision to end commercial whaling in three years. Page 3.

■ U.S. and allied diplomats. met for the third time in a little more than a week but reported no movement on an East-West trade agreement to replace Soviet gas pipeline

A report on international today.

#### to save a woman's life if endan-gered, or if the fetus appeared ab-phirality of legitimate options." normal or if pregnancy was the re-

тостасу.

— ULAL THE DODE his sternest condemnation. "I speak on the absolute respect for human life, which no person or institution, private or public, can ignore," he declared.

Therefore, whoever denies defense to the most innocent and frailest human person, to the human person conceived but not yet born, commits a most grave vi-olation of moral order," the pope said. "Nothing can legitimize the death of an innocent." "What sense can there be in

speaking of the dignity of man, of his fundamental rights, if one does not protect the innocent, if one goes as far even as to facilitate means and services, private or public, to destroy defenseless human lives?" the pontiff contin-

John Paul also spoke strongly on the "inalienable" duty and right of parents to see to it that their children receive "an education in accordance with their moral and religious convictions." As if to put the incoming gov-

ernment on guard, he quoted the section of the Spanish Constitu-tion that grants this right. The Socialists had not contested it in the election campaign, but some Spaniards expect a review of the amount of government subsidies paid to Catholic schools.

 Respect for Socialists Urged The pope, in a meeting Tuesday with Spain's political and military leaders at the palace of King Juan Carlos I, urged respect for Spain's newly elected Socialist government, Reuters reported from Ma-

He said: "I would like to express my greetings and respect to the legitimate representatives of the Spanish people whom they have elected with their mandates to

govern their destinies. Praising the efforts of Spaniards in building democracy since the



U.S. Marines strung barbed wire around their camp near Beirut on Tuesday after a bomb blast.

## Mubarak Sees No Bars to Talks With Begin

Compiled by Our Staff From Dispatches CAIRO - President Hosni Mubarak, expressing confidence that a border dispute with Israel would be settled eventually in Egypt's fa-vor, said Tuesday that there were "no complexes" to prevent a meeting between him and Prime Minis-

countries' disputes. "I could meet him anywhere, It is not a problem. There is nothing personal between me and Mr. Begin," Mr. Mubarak said after a meeting with a group of provincial leaders. "I have no complexes that stop me from meeting him."

ter Menachem Begin on their

But he said it would be better to. delay such a meeting until agreement is reached on a new basis for negotiations on a global settle-ment Mr. Mubarak made it clear that the new basis he had in mind the Reagan initiative, an-

ounced in September, which calls could resume autonomy talks on a or Palestinian self-government in new basis," he added. for Palestinian self-government in association with Jordan in the West Bank and Gaza Strip.

Mr. Mubarak said talks last month between King Hussein of Jordan and Yasser Arafat, leader of the Palestine Liberation Organization, were a new element in the search for peace in the Middle

An agreement between them on a formula for a federation between Jordan and the 1.3 million Arabs living in the West Bank and Gaza could help in the resumption of the stalled Palestinian autonomy talks, Urging the United States to as-

sume a larger role in seeking a Middle East settlement, Mr. Mubarak said he wanted Israel to end the border dispute with Egypt as a sign of good will.
"If this materialized, then we

Mr. Mubarak sounded confident that the disputed Taba area,

overlooking the Aqaba Gulf, would be handed over to Egypt, as the rest of the Sinai desert was restored last April. He offered to purchase a hotel Israel inaugurated in the region Monday.

"Let Israel do what she likes. build the hotel and open it," Mr. Mubarak said. "We are going to pay for it afterward and take it from them."

Mr. Mubarak said the United States, a partner to a preliminary agreement reached in April be tween Egypt and Israel on Taba's status, would assume a role in talks. Egypt is pressing for a resumption of negotiations to resolve the dispute through concilia-tion, and failing that, binding arbi-

The Israeli cabinet said on the weekend that it was prepared to resume talks on Taba, suspended since May, only if they were part of talks on broader issues between the two countries, including the normalization of bilateral rela-tions, which halted after Israel's invasion of Lebanon.

strained when Egypt recalled its ambassador in Tel Aviv in September after reports of the massacre of Palestinians in West Beitut, Mr. Mubarak has not been to

Relations became even more

Israel since he became president in October 1981. He was planning to visit Israel earlier this year, but Israel can-

celed the visit when Mr. Mubarak insisted on not including Jerusalem in his tour.

Egypt does not recognize Jerusalem as Israel's capital city.

## Iran Claims Recapture of Outposts In Major Offensive Against Iraq

LONDON - Iran said Tuesday that its forces had recaptured 95 square miles (250 square kilometers) of territory and won back four military outposts from Iraq in a new offensive in the Gulf war.

The national news agency IRNA said Iranian anti-aircraft batteries had shot down an Iraqi plane in the offensive.

Iraq, however, said that its forces had beaten back the Iranian attack and that Iraqi planes were bombing Iranian armor and military targets. Iraq said none of its

Both Iraqi and Iranian reports said the latest offensive began Monday night west of the Iranian city of Dezful. The operation, called Moharram after the current Shiite Moslem month of mourning, restored to Iranian control the Bayat oilfields and a road linking the Iranian border towns of Dehloran and Musian, Tehran radio

By Sanjoy Hazarika

New York Times Service

2,000 Moslem tribesmen recently

held a three-day peaceful assembly

in Kabul to protest the conscrip-

tion of members of their communi-

ty into the Afghan armed forces,

and the conscription plan was withdrawn, a Western diplomatic

source said Tuesday.

The diplomat said it was the "strongest" public protest by Kabul residents in more than a year against the Soviet-installed regime

of President Babrak Karmal and

that it underscored the continuing

hostility toward the communist

government.
The source said Pakhtia tribes-

men, defying a ban on public as-sembly, met in central Kabul in

mid-October to object to the con-

scriptions, which broke a 50-year

NEW DELHI - More than

end the war. Two weeks ago an Monday called the mission "American-inspired" and rejected its proposals for a peaceful settlement of

The speaker of the parliament, Hojatolesiam Hashemi Rafsanjani. who represents Ayatollah Ruhol-lah Khomeini on the defense council, urged foreign journalists Tues-day to visit the battlefront, an indication that Iranians had done well in the operation.

The offensive was the third major push since July, when Iranian forces first crossed the border into Iraq. It was aimed at freeing land occupied by Iraqi invasion forces at the start of the 25-month-old war rather than at capturing Iraqi territory, Tehran radio said.

Tehran radio said the drive be-

bly, was surrounded by troops scripted Pakhtia tribesmen had and on its first day, a high-ranking been brought back to Kabul and Afghan official met with the tribal demobilized.

Kabul Protest Said to Block Draft

disperse, according to the source. A diplomatic report from Kabul

said that the official told the

tribesmen that the government had

withdrawn their exemption from military service because they had

failed to curb rebel activity in their

kill the official if he did not leave

the meeting and told him that "de-

cisions about Pakhtia could be tak-en only in Pakhtia and not in Ka-

Two days later, the source said,

The assembly then

the same official returned to the

gathering and announced that the orders had been "temporarily res-

dispersed, and reliable reports

bul," the informant reported.

cinded."

Airline Executive (Washington) April 1981

tradition. The "jirgah," or assem- from Afghanistan say that con-

The tribal leaders threatened to

The offensive followed Iran's re- gan during a rainstorm late Monjection of the latest peace moves to day night with Iranian infantry smashing through Iraqi fortifica-Islamic peace mission visited Iran tions, mine fields and bunkers and Iraq in an unsuccessful at- along a 55-mile (90-kilometer) tempt to end the conflict. Iran front in the border provinces of Khuzestan and Ilam.

IRNA said that many Iraqis had been killed in the operation and that 117 prisoners, including senior officers, had been transferred behind Iranian lines. Tehran radio also said Tuesday

that Iranian government forces have killed 40 Kurdish guerrillas in battles near the western Iranian border town of Sardasht. The radio said revolutionary

guards had recaptured several heights overlooking a road linking Sardasht and Piranshahr in the province of West Azerbaijan.
It said several villages had been

cleared of Kurdish guerrillas, who are fighting Tehran for autonomy. One guardsman had died in the operation, which was launched two nights ago, the radio said.

The Afghan Army has been

weakened by casualties and deser-tions since Mr. Karmal took pow-

\*\* Kabul Fighting Reported
William Claiborne of the Washington Post filed the following ac-

Western diplomatic sources said Tuesday that despite frequent

house-to-house searches by Soviet

and Afghanistan Army troops and a general tightening of security in

Kabul, Afghan guerrillas had in-

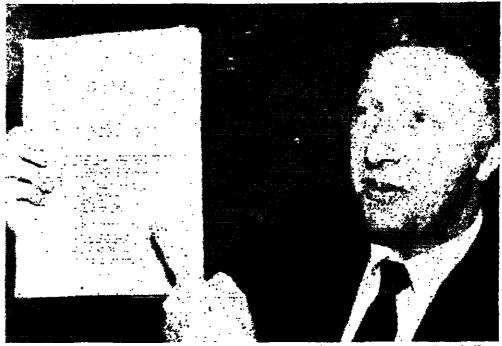
tensified their attacks in and

"Lufthansa will continue to put the emphasis

count from New Delhi:

around the city.

on courting the business traveller."



Arthur Scargill, president of Britain's National Union of Mineworkers, displaying what he said was a National Coal Board list of coal pits designated to be shut in the next five years.

#### British Coal Miners Reject Strike Vote

LONDON — Britain's coal miners Tuesday humbled their militant left-wing leader, Arthur Scargill, by refusing to sanction a strike to press demands for a

31-percent pay increase. Instead, the National Union of Miners voted overwhelmingly in a secret ballot to accept an 8.5-percent offer, averting what would almost certainly have been a damaging confrontation with Prime Minister Margaret Thatcher's Conservative govern-Mr. Scargill, who needed 55tried to close any pits.

percent support to authorize strike action, was rebuffed by 61 to 39 percent in the ballot of 207,000 miners at 197 pits around the country last week. Results of last week's two-day vote were unofficially disclosed over the weekend but announced officially Tuesday.

The union leader described the vote as only a temporary set-

back and vowed that the staterım National Coal Board would still have a fight on its hands if it

Mr. Scargill said the haunting fear of unemployment was a fac-tor in the voting. Britain now has 3.3 million people out of work. He had staked his prestige on getting the strike mandate to emphasize his personal hold over the union and set it firmly on a leftward course in his first

#### **Americans Unsure in Period of Transition**

(Continued from Page 1)

re-examine their views about political and economic questions. What comes through is a hope,

Afghan exile sources offered similar reports of fighting in Kabul expressed everywhere, that the pain of the present will prove to have been a necessary element in as offensives in the countryside began to bog down with the onset of

better times, to a period in which inflation and unemployment are brought under control. At the same time, an overwhelming majority voices doubts about specific components of President Ronald Reagan's approach.

One word keeps coming up voleventually leading the nation to untarily during conversations

program and its effect on the country: balance. Even Mr. Reagan's strongest

program has been out of balance. Hardly a single business executive interviewed, for instance, favors the kinds of military spending increases Mr. Reagan advocates Most business executives also disagree with the way his tax cuts

were originally put in place. Larry Ansin is typical. He is president of Joan Fabrics, in Lowell, Massachusetts, a company described as the world's largest producer of upholstery fabrics. Mr. Ansin ardently supports Mr. Reagan and his basic approach. "It's fantastic," he says. "It's a cold bath. We all needed it." But he is equally firm as he ticks off policy changes he would like to see Mr. Reagan make.

We've got to balance out better."

too sellish, and now we are paying the price for such excesses. "We're all spoiled rotten, everyone of us is," said Bob Long, a merchant in Everett and one of the few who has done well there recently. "We all grew so damn rich it's sickening."

extent to which program cuts quite obviously have disproportionately affected the poor, that there would be quite a backlash against what the president is doing. It is build-ing, but it is nothing like what I would have expected. I attribute a lot of it to personal affection for him that he can get away with pretty outrageous kinds of programs and still have people like him. The impact of personality on politics is something I think people way underestimate. He is a prime example of it."

#### U.S. Postmaster Reports Surplus of \$688 Million

WASHINGTON - Postmaster General William F. Bolger reports that the Postal Service finished the fiscal year 1982 with a surplus of \$688 million, the second in three

Mr. Bolger, who Monday ad-dressed the annual meeting of the Direct Mail Marketing Association in Los Angeles, said the financial performance was attributable to gains in labor productivity, sustained volume despite the economic decline and high growth in advertising mail.

supporters, those who would like to vote for him again, will say his

"One, defense spending. We must cut back on defense spending. Two, we must tighten up on tax loopholes for the wealthy. It must be done. Third, we must look at areas to increase our taxes.

Interestingly, the sense that poli-cies are out of balance extends beyoud a political context. Another common refrain involves the belief that all Americans share the blame for current troubles.

Of all those interviewed, per-haps William D. Ruckleshaus bestput into words a political message for this day that others have been

Mr. Ruckelshaus, a Republican who earned national fame when he resigned as President Richard M. Nixon's deputy attorney general during the Watergate scandal rather than fire Special Prosecutor Archibald Cox, and now a top ex-ecutive for Weyerhaeuser Co. issesses the political situation facing the president and the country this way: "It's curious. You'd think, given the economic turndown and the

MOSCOW - A ranking Soviet military leader said Tuesday night that U.S.-Soviet arms control negotiations in Geneva were approaching a deadlock because of what he termed calculated American attempts to block any progress.

Colonel General Nikolai Chervov, head of the general staff's depart-

Soviet Aide Denies Geneva Progress

**WORLD BRIEFS** 

Iran Rejects New French Ambassador NICOSIA - Iran will refuse to accept a new French ambassador to

France announced Sunday that it was appointing José Paoli to fill the

ambassadorial post in Tehran, which has been vacant since August 1981

when anti-French feeling was high after France granted asylum to former President Abolhassan Bani-Sadr.

The agency said the reason for refusing to accept a French ambassador was "the support France gives to terrorists and counterrevolutionaries," a reference to Mr. Bani-Sadr and Massoud Rajavi, the leader of an

BELIING - China has issued a strident denunciation of U.S. and

Soviet "hegemonists," condemning the two nations as a threat to peace and warning that a third world war is possible.

"The begemonist actions of the two superpowers," the People's Daily said Sunday, "constitute grave threats to the sovereignty and security of our country and other Asian countries, creating obstacles in the way of

developing Sino-U.S. and Sino-Soviet relations.

The article was written by Huan Xiang, adviser to the Arademy of

Social Sciences. Foreign diplomatic observers said the article showed the Chinese leadership's latest thinking on distancing China from the United States and maintaining a balance between the United States and Soviet

China Denounces U.S. and Russia

Tehran, the Iranian news agency, IRNA, reported Tuesday.

Iranian dissident group, who also lives in France.

ment on strategic weapons and a member of the inner leadership of the armed forces, accused the Reagan administration of deliberately seeking to create an impression that some progress was being made at the talks.

"Actually, nothing of the sort has happened," the general said in an interview distributed by the news agency Novosti. General Chervoy's comment was the most direct official Soviet statement on the progress of the talks on curbing medium-range nuclear weapons in Europe and reducing strategic armaments by the superpowers.

#### Work Protests Ending at Maze Prison

BELFAST - One hundred and forty-five nationalist prisoners agreed to end a 13-month work boycott at Maze Prison, apparently end to end a 13-mouth work poycott at Maze Prison, apparently ending a six-year protest for political prisoner status that in one phase had left 10 inmates dead in a series of hunger strikes, officials said Tuesday.

The 145 prisoners who had been refusing to work since the end of the hunger strike Oct. 3, 1981, declared themselves available for work, a spokesman for the Northern Ireland Office said. "These people are the last remnants of the republican protests," the spokesman said, referring to the series of hunger strikes that began with Bobby Sands.

The spokesman said seven prisoners apparently had decided to continne the work boycott, but that the decision by the other 145 appeared to effectively end it. British officials said no reason was given for the prisoners' decision. A spokesman for the inmates said there would be no ediate comment on the announcement,

#### U.S. to Back Falklands Resolution

UNITED NATIONS, New York — The United States said Tuesday that it would vote for a resolution calling for negotiations between Britain and Argentina on the Falkland Islands.

The resolution, sponsored by Argentina and 19 other Latin American nations, calls on Britain and Argentina to resume negotiations on sovereignty of the Falklands, which was reoccupied by Britain after Argentina's invasion and a six-week war last summe

Earlier, Foreign Minister Juan Aguirre Lanari of Argentina accused Britain of maintaining colonial status on the islands, but U.S. officials said the resolution, which Jeane Kirkpatrick, the U.S. delegate to the United Nations helped to modify, no longer contained a reference to

#### U.S. Averts Rebuke by Trade Group

GENEVA — Poland failed Tuesday in its attempt to have the General Agreement on Tariffs and Trade condemn trade sanctions imposed on Poland by the United States.

The 88-member group took no action on Poland's proposal that it ask Washington to restore Warsaw's most-favored-nation status, U.S. and Polish diplomats said. The proposal, which was supported in the closed meeting by other Warsaw Pact members and Argentina, will be re-introduced at the group's annual meeting later this month.

status Oct. 27 after the dissolution of the independent trade union Solidarity, effectively raising tariffs on exports to the United States by up to

#### Socialists May Weigh Role of Israelis

ZURICH - Socialist International leaders could be asked to suspend Israel's Labor Party from the movement when they meet in Basel on

Wednesday, Socialist sources said Tuesday.

Several Socialist parties, including those from Finland, Denmark and

Spain, are pressing for exclusion of the party on the ground that it supported the invasion of Lebanon, the sources said.

The issue seemed certain to be raised at a two-day meeting of the international's executive bureau starting Wednesday under the chairmanship of the former West German chancellor, Willy Brandt. The leaders are officially due to discuss the Middle East and a membership request by a radical Israeli leftist party, Mapam, known as the United Workers Party. Mapam has consultative status with the international.

Compiled by Our Staff From Dispatches

#### **Democrats May Gain Seats** In Congressional Contests

(Continued from Page 1)

battle, New York's Democratic gu-bernatorial nominee, Mario Cuo-mo, the liberal lieutenant gover-nor, holds a 10-point lead over Re-publican Lewis Lehrman, advocate of supply-side economics, in a New York Daily News straw poll.

New York Daily News straw poll.

• In California's hard-fought
Senate race, Democratic Governor
Edmund G. Brown Jr., still feels
confident although the latest poll
shows him trailing his Republican
opponent, San Diego Mayor Pete
Wilson, by 6 percentage points.
Los Angeles Mayor Tom Bradley,
a Democrat, was in a tight battle
to become the nation's first black
governor, with Republican Attorney General George Deukmejian
gaining steadily in the polls in recent weeks.

cent weeks. • The Texas governor's race ends with an increasingly confident Republican governor, Bill Clements, predicting a comfortable victory over Attorney General Mark White.

◆ In Massachusetts, Senator

Edward M. Kennedy, a Democrat, is certain to win re-election and extend his 20-year Senate career. Representative Barney Frank, a Democrat, is considered likely to defeat Representative Margaret Heckler, a Republican, in a contest forced upon both incumbents by a redistricting that will eliminate

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 In Illinois, Representative Bob Michel, the House Republi-can leader, was in an unexpectedly tough fight to retain his seat. His opponent, G. Douglas Stephens, is a union lawyer.

#### France Said to Grant Asylum to S. African

The Associated Press MONTPELLIER, France France has granted political asylum to Harry Peterson, 23, the son of a slain anti-spartheid activist, the Center for Third World Documentation announced

The center said Mr. Peterson had been a student in the South African homeland of Transkei. He was said to have fled the country in August after his father was killed by police and his mother and brother were arrested. Details of the killing were not disclosed.

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## U.S., Allied Talks on Pipeline Show Growing Irritation Ambassade

By Richard M. Weintraub Washington Post Service

n French ampage WASKINGTON — Senior Constitution and allied diplomats have met for the third time in a little more than a week and reported no movement in their effort to hammer out an in their effort to hammer out an interest on Fast-West trade that agreement on East-West trade that agreement on East-West trade that could replace the Reagan administration the index viet gas pipeline.

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The unusual sequence of high-

On Monday, U.S. and European diplomats did not rule out the possibility that an agreement acceptable to all parties had been reached. But the diplomats said they expected further meetings would be held. None has been scheduled, however.

But Prime Minister Giovanni

meet with President Ronald Reagan on Wednesday, and Mr. Spadolini's visit would provide the next forum for discussion of the

sanctions issue.

On Monday, some European diplomats showed signs of growing irritation.

We don't know what the U.S. administration needs," one senior European diplomat said before the flect the tenseness of the negotia-

to limit or change that consensus,"
A senior U.S. official said the negotiating process seems to have brought home to the Europeans that the "president is serious"

president doesn't have to be in a hurry," the official said. The comments appeared to re-

about his sanctions policy. "I think

something will happen, but the

level negotiations is now believed to have narrowed differences over Washington on Tuesday night to can do, but there isn't much room under the direction of Undersecretary of State Lawrence S. Eagle-

> The negotiations have been tightly held by the State Department and have sparked something of a political guerrilla war by some ents within the administration who advocate a hard-line position on trade with the Soviet Union.

Mr. Engleburger is pictured by diplomatic sources as having

The negotiators appear to be trying to develop defined instructions for a broader study of major issues in East-West trade that could eventually produce a policy to be adopted by Atlantic alliance members and Japan. The sanctions are applied against businesses that ship U.S.-

pressed continually for more changes and refinements in the po-

sitions put forward by European,

Canadian and Japanese diplomats.

without indicating what might be acceptable to the administration.

war." one European diplomat said.

"What we don't want is a trade

made or -licensed products related to the oil or gas industries. The Italians are known to be particularly upset at the impounding in New York of several key parts for an Algerian gas pipeline

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## Weinberger Promises More Thai Arms Aid

United Press International

BANGKOK — Caspar W.

Weinberger, the U.S. defense sectoristic film by push his campaign to counter what he called a growing Soviet threat in Asia and the Pacific and promised Thailand \$12.2 million in additional military aid.

tional military aid. Before leaving Singapore for a two-day visit to Thailand, Mr. Weinberger reiterated comments by U.S. officials that Soviet military researches in the Soviet military researches in the Soviet military researches. tary presence in the region "is clearly increasing" and he urged increased military spending by Washington's Asian allies.

te of our transfer General Prem Tinsulanonda,
the general (light trends of the pression of the pr weinberger told him during a two-during in lunche bour function meeting that the United States was increasing its credits for Thai military purchases by \$12.2 million. The increase would bring total U.S. military aid credits to Thailand to \$80 million for the current fiscal year.

Mr. Weinberger is visiting Thaiand on the law nation Asian tour. In Singapore, wir. wemongs-responded to news leaks concern-ing a five-year Pentagon guidance In Singapore, Mr. Weinberger

plan, saying U.S. planning for a protracted nuclear war came only in response to "erroneous" Soviet beliefs that such a war could be

Mr. Weinberger, greeted at Bangkok's Don Muang Airport by Foreign Minister Siddhi Savetsila and other officials, went directly to Government House for talks with General Prem.

In Singapore, Mr. Weinberger said proof of the Soviet threat was shown "every day from the additions they make to their armed forces and the fact that those additions are almost always offensions. tions are almost always offensive in character."
He said U.S. defense tasks were

further complicated by the Viet-namese decision to allow Soviet ships "full and complete use" of the U.S.-built naval base at Cam Ranh Bay in southern Vietnam.

Mr. Weinberger suggested that the Pentagon might augment the three aircraft carriers of the U.S. 7th Fleet in the Pacific, saying it was "feasible for people to expect another (U.S. aircraft) carrier force in this area."

But he said the carrier group, if deployed, would follow flexible or-



Caspar W. Weinberger, U.S. defense minister, conferred Tuesday in Bangkok with Prime Minister Prem Tinsulanooda,

needed — an apparent reference to ing by U.S. allies in Asia and the Pentagon plans to rush sea power to the Middle East if oil supplies in the Gulf are threatened.

After Bangkok, Mr. Weinberger

# But he said the carrier group, if deployed, would follow flexible orders to move wherever it was most to move wherever it was move wherever it was move wherever it was move wherever it was move where w

The cabinet voted to protest the whaling commission's ban despite whaling commission's ban despite a last-minute warning from U.S. officials that filing the objection could prompt considerable criticism of Japan in the U.S. Congress. Mike Mansfield, the U.S. ambassador to Japan, met Mon-Japanese foreign minister, to express the concerns of the United

20.0 Japan is the world's leading whaling nation, accounting for nearly one third of the 14,000 whales killed last year. It voted  $\mathcal{L}_{\mathrm{Const.}}(\mathrm{Ann}, 15)$ against the commission's decision commendation earlier this year, but nations supporting the ban had hoped that it would delay a formal protest and possibly go along with the commis-

pressured into switching its stance, it was considered likely that other opponents of the ban, including the Soviet Union, Peru and Norway, might fall into line. .

A statement by Mr. Sakurauchi, explaining Japan's objection. claimed that there is "no scientific justification" for the commission's ban, countering the view that some whale species are threatened. The statement added that the commission's decision did not give suffi-cient consideration to the importance of the industry to some Japa-

In Japan, about 1,300 people are employed directly in the whaling industry. When families and those in related businesses are counted, the total number of people de-pendent on whaling is 50,000. The Japanese taste for whale dates back to 702, when Buddhism was introduced from China, meat eating was stopped and the whale was defined as a fish.

Still, many Japanese apparently believe that their nation should go oruld delay a formal protest and ossibly go along with the commission's position.

If Japan could be persuaded or Research Center, an independent

organization, that was released last weekend, found that 47 percent of the population favor the commi sion's decision.

The commission decided by vote of 25-7 to halt commercial whaling in three years, and then take another five years for scientific research to decide whether whaling should be started again.

Government officials stress that filing the complaint does not necessarily mean that Japan would defy the commission's decision, but gives it the right to do so. Ap-parently, Japan hopes that further research over the next three years will support its position that limited killing of whales is not a threat to the species.

The whaling commission cannot force nations to abide by its deci-sion. However, under U.S. law, a nation that ignores the commission decision can be probibited from miles (320 kilometers) from the American shoreline.

Japan's fishing industry catches more than 1.1 million tons of fish, worth about \$360 million, each year in U.S. coastal waters. For comparison, the Japanese whaling

industry is about a \$50 million-a-Also, Congress is now consider-

ing ratification of the U.S.-Japanese fishing agreement, which lim-its the quantity of fish their boats can catch in each other's waters. Presumably, an adverse reaction to the whaling protest could hurt chances of ratification.

■ Norway to Keep Hunting

Norway will continue to hunt whales in the northeastern Atlantic after 1986, despite the whaling commission's ban on commerci whaling, Fisheries Minister Thor Listau said Tuesday, according to Reuters.

#### 3 Western Envoys Plan **Boycott of Soviet Parade** United Press International

MOSCOW - Ambassadors of fishing in coastal waters up to 200 the United States, Britain and West Germany will boycott the Revolution Day parade Nov. 7 for

> The U.S. ambassador, Arthur Hartman, and his West German and British colleagues will send lower-ranking representatives to the 65th anniversary celebrations of the Bolshevik Revolution, embassy spokesmen said Monday. Scandinavian ambassadors, who boycotted last year, will attend this year's celebrations.

## Japan Formally to Protest Ban on Whaling

By Steve Lohr New York Times Service

TOKYO — The Japanese government announced Tuesday that it would file a formal complaint against the International Whaling
Commission's decision to end
commercial whaling in three years.

States, a strong supporter of the commission's decision made last

#### Sadat's Brother Denies Charges of Fraud, Corruption

of Israeli CAIRO - Esmat Sadat, the younger brother of Anwar Sadat, the late Egyptian president, denied charges of fraud and corruption in and claimed he was a self-made man of wealth who had helped his brother financially and politically.

The Post of the Control The opposition newspaper Al Shaab, which speaks for the Socialist Labor Party, said it interviewed Mr. Sadat last Thursday, one day before he was sent to jail, and quoted him as rejecting the charge that he had used his brother's name to amass wealth illegally, saying: "My name is better than

Before his detention, prosecu-

tors had ordered the sequestration of the property and assets of Mr. Sadat and his family. They will face charges of frand, trading on the black market, illegal seizure of state property, extortion of protec-

tion money and political corrup-tion, officials have said.

Mr. Sadat, 57, denied the charges, alleging he was a labor leader in the early days of the 1952 revolution who voluntarily stepped aside to focus the limelight on his elder brother. He claimed that he rallied workers to the support of President Gamal Abdel Nasser during a 1954 power struggle, thus making it possible for Nasser to re-

"I consider myself like the

prophet Job who was tested by .God but remained faithful and patient. I am not less than Job," Mr. Sadat reportedly said.

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#### U.S. Opens Its Courts to Chinese Suits

By Tamar Lewin New York Times Service
NEW YORK — The Justice Department has decided that Americans will be allowed to use Chinese courts to press their claims against the Chinese, and as a result has agreed to allow a \$4.4-million Chinese maritime lawsuit in American courts against the U.S. government

The case — the first brought in United States courts by Chinese companies since the 1949 revolution — has been used by Washington to help ensure that Americans have access to the Chinese courts.

This legal reciprocity is consid-

ered an important element of American-Chinese trade relations. The ability to sue a foreign government is particularly important in communist countries such as China, where most large business entities are arms of the government.

The Justice Department's finding that reciprocity exists, an-nounced Monday, is based both on a two-paragraph legal opinion to that effect by the China Council for the Promotion of International Trade, and a longer affidavit by a Columbia University School of Law professor, R. Randle Ed-wards, an expert on Chinese law, who also found that there is legal reciprocity. The China council is a quasi-governmental Chinese entity devoted to fostering foreign trade.

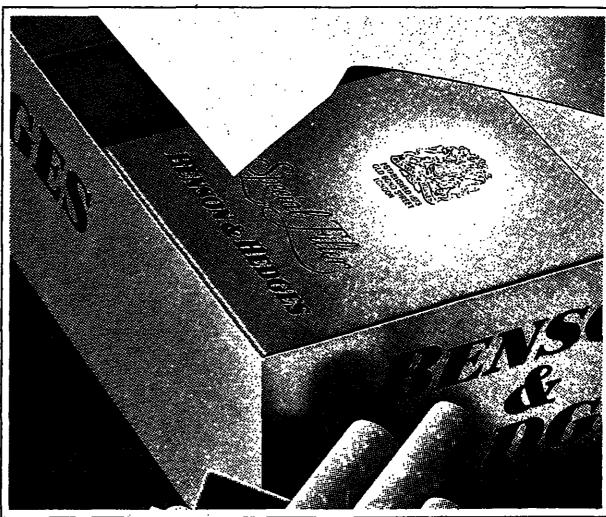
"There was a time when assurances of reciprocity couldn't have been made, and that was something that made Americans doing business in China very ner-vous," said Eugene Theroux, a Washington-based China-trade lawyer. This is a very encouraging development in the evolution of China's recognition of the importance of a predictable body of

Soviet Officials Visit Laos The Associated Press

BANGKOK — A delegation of political leaders from the Soviet Army and Navy arrived Monday in Laos, the official Laotian press agency said Tuesday.

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There are other ways to save money. Save with a shortie. In most countries there's no three-minute minimum on selfdialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. And you pay for the callback from the States



with dollars, not local currency, when you get your next home or office phone bill.

Save these other ways. Telephone Company Calling Card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid surcharges altogether by calling from the post office or from other telephone centers.

Save nights & weekends. Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable. Now you'll get more mileage for your money.

## King Vidor, U.S. Movie Director, Dies at 88

By Peter B. Flint New York Times Service NEW YORK - King Vidor, 88, the motion picture director, died Monday of a heart ailment at his ranch in Paso Robles, California. He was a trailblazer and often a rebel, widely respected for his in-dependence, individualism and

humanism in a notable directorial career that spanned more than 50 feature movies over 40 years. His hits ranged from "The Big Parade" in 1925 and "The Champ" in 1931 to "The Citadel" in 1938 and "Duel in the Sun in

Besides making many commer-cial movies, Mr. Vidor defied Hollywood conventions by tackling projects regarded as financial folly. "The Crowd," his 1928 silent masterwork realistically depicting

He fought to make "Halleluah," an innovative 1929 musikal-

that "no subject is over the heads of an andience if it is told simply, clearly and sincerely."

In 1979, he won a special Oscar from the Academy of Motion Pic-

ture Arts and Sciences for achievements over four decades. He had received many other awards and had been nominated for directorial Oscars five times, for "The Crowd," "Hallelujah," "The Champ," "The Citadel" and "War and Peace," but each time the honor had eluded him.

King Wallis-Vidor, whose pater-nal grandfather immigrated from Hungary, was born in Galveston. Texas, on Feb. 8, 1894, the son of perous humberman, and the former While at Galveston High

masterwork realistically depicting School, he got a summer job as a average people, was first dismissed ticket taker in the town's first nickle token, working for 12 hours a tic flop" but eventually it showed a day for \$3.50 a week and running the projector while the operator had meals. In 1915, he set out for Califor-

drama with an all-black dast, nia He did many stints as an extra matching Metro-Goldwyn-Mayer's and wrote 52 scenarios before he matching Metro-Goldwyn-Mayer's and wrote 52 scenarios before he investment with his own salary In "Our Daily Bread" in 1934, he depicted the plight of the Depiession's unemployed, financing the picture by mortgaging his house and selling everything he could. He also challenged accepted the Hollywood wisdom in affirming and wrote 52 scenarios before he investment with his own salary In sold one for \$30. He worked as a movie company clerk, a comedy writer, made a dozen two-reclers and, in 1919, directed his first feature. "The Turn in the Road," a sermonizing but well-received the light of the property of the company clerk, a comedy writer, made a dozen two-reclers and in 1919, directed his first feature. "The Turn in the Road," a sermonizing but well-received the plant of the Depies-sion's unemployed, financing his company clerk, a comedy writer, made a dozen two-reclers and in 1919, directed his first feature. "The Turn in the Road," a sermonizing but well-received the plant of the Depies-sion's unemployed, financing his company clerk, a comedy writer, made a dozen two-reclers and in 1919, directed his first feature. "The Turn in the Road," a sermonizing but well-received the plant of the Depies-sion's unemployed, financing his company clerk, a comedy writer, made a dozen two-reclers and in 1919, directed his first feature. "The Turn in the Road," a sermonizing but well-received the plant of the pla



The movie led to a studio contract, and Mr. Vidor adapted, pro-duced and directed The Jack Knife Man," a pastoral tale about an itinerant boatman on the Mississippi River. His other popular early films included "Peg of My Heart," starring Laurette Taylor.

"The Big Parade" was not only an eloquent paean to peace but also a commercial blockbuster. The film grossed more than \$15 million in a few years, was pivotal in establishing M-G-M as a major

studio and mane John Guort a star.

Mr. Vidor's scores of credits included "La Bohème" (1926). "Street Scene" (1931), "The Wedding Night" (1935). "The Texas Rangers" (1936). "Stella Dallam (1937), "Northwest Passage" (1940). "H.M. Pulham, Esq." (1941). "An American Romance" (1941), "An American Romance" (1944), "The Fountainhead (1944), "The Fountainhead" (1949) and "Ruby Gentry" (1952).

He woo many awards at film festivals and from such groups as the Christophers and the Screen
Directors Guild, which announced
in 1950 the results of a poll of film
critics, who listed "The Big Parade" and "The Crowd" among
the 10 best directorial achievements of the previous half century.

He was married and divorced three times, to Florence (Arto) Vidor and Eleanor Boardman, both actresses, and to Elizabeth Hill, a

Henry Tindall (Dick) Merrill, 88, who won the Harmon Trophy for piloting the first commercial flight across the Atlantic, in 1937, Sunday in the town of Lake Elsinore,

John Fred (Sheriff) Blake, 83 who played professional baseball for two decades and had a record of 17 wins and 11 losses with the Chicago Cubs in 1928, Sunday in Beckley, West Virginia.

# Ethnic French Give Manitoba a Language Test

#### Court Challenge Threatens to Invalidate Every Law in the Province

By Michael T. Kaufman

WINNIPEG, Manitoba — In order to regain official status for their mother tongue and reverse what they see as cultural erosion, members of the old but newly assertive French-speaking popula-tion of Manitoba have challenged the validity of English-language traffic tickets and in the proce have called into question all the laws of this province.

The strategy was first developed by George Forest, 52, an insurance agent, who in 1976 refused to pay a parking ticket, printed only in English, because he felt it violated guarantees made in 1870 when Manitoba became a province and when it had a French-speaking ma-

Last year, Mr. Forest's position was upheld by the Supreme Court of Canada and even though the 40,000 French-speaking Manitobans now rank behind English speakers, Ukrainian speakers, German speakers and Cree speakers as linguistic group, their languages as a linguistic group, their languages are a linguistic group, their language is again officially sanctioned. Consequently, the government is spending hundreds of thousands of dol-lars to publish official documents and legislative debates in French

and to provide simultaneous trans-lations for official and court pro-

While gratified by the victory, leaders of the French minority are rallying behind a second case, which they believe can extend their gains from the chambers of government to communities that until quite recently preserved their lan-guage through illegal and clandes-

This case, now pending before anada's Supreme Court, involves speeding ticket issued to Roger Bilodeau, a lawyer, who by refus-ing to pay has broadened the legal challenge raised by Mr. Forest. Essentially, the first case centered on a claim that a law passed in 1890 establishing English as the sole official language illegally contravened the legislation that established Manitoba and which gave officild status to French. In its decision, the Canadian Supreme Court

The focus of the Bilodeau case, however, is the province's motor vehicle act and, by implication, every other law enacted here since 1890 and published solely in Eng-

upheld the supremacy of the earli-

Fearful of the legal chaos that would result if Mr. Bilodeau's po-

sition were affirmed, the provincial government asked the court last riday to suspend its deliberations while officials seek a negotiated compromise with the Frenchspeaking group.

Mr. Bilodeau and the major groups in his community have joined in the request for an ad-journment and have indicated they really want more assurances for the future use of French rather than a rewriting of past laws.

Premier Howard Pawley said in sequences of a Supreme Court decision would be momentous, in-validating all our laws, and forcing them to be re-enacted." He added, however, that the French-speaking community was being very reasonable and that it was not holding the government to ransom but was merely seeking its legal rights.

In the St. Boniface district, where the French speakers have lived for five, six and seven genera-tions, the issue is seen in social ather than legalistic terms.

"What all this means is that we want it established that we are not iust another so-called ethnic group," said Gilberte Proteau, former president of the Society of Franco-Manitobans, a community

The other groups that settled here — the Ukrainians, Germans, knew what kind of society they were coming to. There was a trade-off in terms of the social contract and they were not seeking to recreate their homelands, though obviously they want to protect their cultures. This was not the case with us or the native peoples. We were here as a nation before there was a Manitoba. I suppose we are a defeated nation, but we are entitled to our historic rights."

Mrs. Proteau, who remembers going to school during and after World War II when all instruction in French in Manitoba schools was llegal, hopes that the recent legal victories will restore self-confidence to a community that has

grown frailer each year,
"We are struggling in the battle
with assimilation," said Lucienne Loiselle, head of the Franco-Manitoban Cultural Center.

The French-speaking communi ty in Manitoba, the largest concen-tration in Western Canada, is declining Mr. Loiselle said. Ten years ago, there were 86,000 peo-ple here of French origin, but only 60,000 claimed French as their mother tongue and only 40,000 re-ported speaking mostly French at home.

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#### INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, NOVEMBER 3, 1982

Gravest Atomic Plant Accident Could Kill More Than 100,000, U.S. Study Says By Milton R. Benjamin

WASHINGTON - A U.S. government study of the potential consequences of accidents at atomic power plants has concluded that the worst-case death toll could ex-ceed 100,000 and damage could top \$300 billion at certain locations, according to documents made available to The Washington

The new estimates come from a study conducted for the Nuclear Regulatory Commission by Sandia National Laboratories and greatly surpass the worst-case estimate of 3,300 deaths within a year of the

ty damage contained in the com-mission's last safety study, issued ar core damage, melting of urani-um fuel, essential failure of all

A sophisticated computer model, called CRAC2, used what is said to be the most comprehensive meteorological, demographic and economic data ever assembled to calculate, for the first time, a wide variety of possible accident consequences. The data was compiled for each of the 80 sites in the United States where atomic power plants are operating or are under construction.

The worst-case scenario postulated in the study is based on what the commission calls a Group I acaccident and \$14 billion in proper-cident, one involving severe nucle-

safety systems and a major breach of the reactor's containment resulting in a large release of radioactivity into the atmosphere.

The NRC staff has estimated the probability of such an accident - which would be far more severe than the nation's most serious accident, at the Three Mile Island plant near Harrisburg, Pennsylvania, in 1979 — as one in 100,000 reactor years.

Given the number of atomic power plants operating or planned. this would mean there is approximately a 2 percent chance of such

The report termed that combination of events improbable. Nevertheless, many experts view the commission's efforts to estimate the probability of accidents, particularly when dealing with complex facilities such as nuclear reactors, as inexact at best. Several members of the panel's Advisory Committee on Reactor Safeguards recently called use of such a sys-

melidown as a "sham."

cloud, "onto a population center."

than the worst-case estimate.

The computer study found that the highest death toll would occur if the worst-case accident took place at the Salem. New Jersey, nuclear power plant on the Delaware River. Such an accident, according to the study, could result

an accident occurring in the Unit-ed States before the year 2000. in 102,000 "early" deaths, within a year of the accident.

The area in which deaths would Even if such an accident ococcur from a worst-case accident curred, the computer model deterat the Salem plant, according to the study, could include Wilmingmined several weather and evacuation scenarios that could result in ton, Delaware, 20 miles (32 kilomdeath and damage tolls far lower eters) north of the plant.

The study found the greatest For such an accident to produce damage would occur if a worstworst-case death and damage case accident took place at the intoll calculated by the computer dian Point 3 reactor, 25 miles study, the draft report said a north of New York City on the Group I accident generally would have to be followed by a "rainout Hudson River. Such an accident, the study found, could result in of the radioactive plume," or \$314 billion in damage.

The area in which early deaths would occur, the study found, would extend 17.5 miles from Indian Point, but radiation-related injuries could occur within a 50-mile radius of the reactor.

More than 17 million people live within 50 miles of the Indian Point plant. As many as 56,600 early deaths could occur in a worst-ca accident at that reactor, the study tem to predict likelihood of a core

While the draft report on the two-year Sandia study notes that it examined the possibility of worstcase accidents and accidents of lesser magnitude that occurred under weather conditions that dimin-ished the consequences, the version obtained by The Post does not contain the worst-case figures.

The NRC is expected to release accident, the draft report makes this version.

Representative Edward J. Markey, a Massachusetts Democrat who heads the House Interior and Insular Affairs subcommittee on oversight and investigations, obtained the full results and a companion report on the financial consequences of nuclear accidents. Mr. Markey made this information available to The Post.

The study demonstrated for the first time how greatly the conse-quences of an accident could vary depending on wind, rain, emergency response planning and population distribution around existing

The most important factor in determining the toll from a nuclear der more favorable conditions

BUENOS AIRES — Argentina's leading nuclear official called Monday for easier access by non-

industrialized countries to nuclear

technology.
Vice Admiral Carlos Castro Ma-

dero, head of Argentina's Atomic Energy Commission, said at the

opening session of an international

conference on nuclear technology that the scientific gap between rich

be if the population were more clear, is whether people living around the plant are clustered in

A second major finding, according to the study, was that summary evacuation of residents from within a 10-mile radius of atomic plants could significantly reduce the number of early deaths resulting from most accidents.

However, current evacuation plans may not appreciably affect early death toll estimates for most worst-case accidents, the report said, since these involve "rainout of radioactivity from the plume onto cities located more than 10 miles from the reactor" and federal laws now require evacuation zones of only 10 miles around each

riched uranium, has retused to de-

liver further supplies until Argenti-

na signs international treaties

guaranteeing that it will not ex-plode a nuclear device.

delegates to adopt measures direct-

ed at eliminating what he termed

undue demands and unacceptable

restrictions that barred access to

nuclear technology.

The admiral urged conference

## Maker, Operator Trade Accusations As Three Mile Island Trial Opens

By Frank J. Prial

New York Tunes Service NEW YORK - Attorneys for the builder of the reactor damaged in the accident in 1979 at the Three Mile Island nuclear plant in Pennsylvania and the plant's oper-ator traded accusations Monday about which was to blame for the nation's worst commercial nuclear

Robert B. Fiske Jr., an attorney for Babcock & Wilcox, which built the reactor, accused the plant's operator, the General Public Utilities Corp., of "indulging in reckless-ness" and of "deliberate and willful misconduct."

His remarks came in the opening day of a nonjury trial in Federal District Court here to determine responsibility for the billion-dollar accident. The suit was filed by the utility company, which contends that Babcock & Wilcox is to blame and is seeking \$4 billion in dam-

ages.

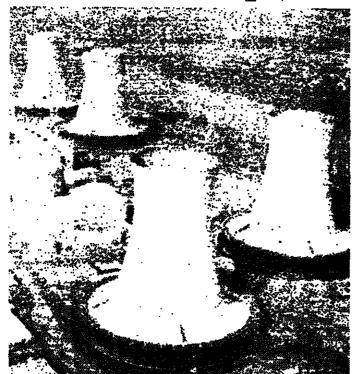
David Klingsberg, representing
General Public Utilities, asserted
that the manufacturer had failed to update emergency operational procedures for its reactors nationwide. which he called "a frightening episode of corporate misconduct

A. 40

In his response, Mr. Fiske described what he called a "pervasive pattern of appalling indifference on the part of General Public Utilities management," and accused the company of falsifying reports about steam leakage in the reactor system for several weeks before the accident because it feared losing money if the reactor was shut

He said the company's reactor operators "didn't have even a fundamental understanding of how a nuclear reactor works."

Each side accused the other of having made or covered up serious errors related to the accident in an effort to save money. Mr. Fiske said the utility should have shut down the No. 2 reactor, which was later destroyed in the accident, to repair the leaking valves. He said



Aerial view of the Three Mile Island nuclear power plant.

closed for repairs. Having both closed would have cost the company as much as \$500,000 a day, he

information from General Public Utilities and the operators of other Babcock-built reactors because it might have caused several of the reactors to be shut down.

tial uncovering of the reactor core leading to the release of dangerous amounts of radioactivity, was entirely the fault of Babcock because

age because the reactor's twin was engineers had encountered an almost identical emergency a year and a half earlier and had devised

Mr. Klingsberg accused Babcock & Wilcox of withholding vital

The Supreme Court agn The Supreme Court agreed Monday to decide whether "psychological stress" on the community is one of the factors that the Nuclear Regulatory Commission berg is that the accident at Three Mile Island, which involved a partial uncovering of the months. Weigh before deciding whether to permit the Metropolitan Edison Co. to restart the undamaged No. 1 unit at its months. Mile Island nuclear power plant, The New York Times reported from Washington.

The No. I unit has been shut the company had neglected to in- down since before its twin No. 2

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must be boosted by a least 50%. Crop protection products from Rhône-Poulenc are already helping to assure tomorrow's harvests worldwide.

towns and whether the plant is

centers beyond 25 miles do not

contribute to early fatalities," the

report said. In some cases, it said

the maximum distance from the

plant at which there would be car-

miles, depending on meteorologi-

cal conditions.

fatalities might be as little as 13

The report said that, if there are

towns or cities 10 to 20 miles from

atomic plants, the number of early

fatalities in a worst-case accident

might increase substantially and

that the number of deaths even un-

Argentine Official Urges Greater Access to Nuclear Energy

and poor countries seriously af-fected standards of living in poor

Addressing delegates from 26 countries taking part in the five-day meeting he asserted that in-

dustrial nations were guilty of what he called "technological sel-fishness" that obstructed the rights

of nations to develop nuclear ener-

gy for peaceful purposes. The United States, which initial-

"Irrespective of size, population

within 25 miles of a major city

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The creative chemical company

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#### they filed faise reports on the leakform their clients that their own reactor was damaged. U.S. Boycott Over Anti-Israel Vote **Threatens Atomic Energy Group**

By Don Cook Los Angeles Times Service

VIENNA - For 25 years, ever since its creation under President Eisenhower's Atoms for Peace initiative, the International Atomic Energy Agency has been some-thing of a favorite child of the United States. But today it is something of an orphan, its future in doubt.

The United States walked out of the agency's annual general confer-ence Sept. 24 when the membership voted to refuse the credentials of Israel, a member of the agency from the outset.

Washington then announced that it would withhold the \$8.5 million still to be paid toward its 1982 budget contribution to the agency, and the Reagan adminis-tration has since announced that it will review its future relations with

the agency.
"Obviously," a high State Department official said the other day. "a reappraisal of an agency that plays such an important role in U.S. nonproliferation policy. with its international nuclear inspection and safeguard system, an agency that we were instrumental in establishing in the first place, is a very serious matter."

Other diplomats in Vienna, where the agency is situated, say that if the U.S. boycott lasts for a considerable length of time — as was the case of the two-year American withdrawal from the international Labor Organization, when Jimmy Carter was president — then it will be difficult for the agency to survive.

There is real concern that the 1sraeli issue, coupled with the Reagan administration's hard-line foreign policy, could prolong the walkout and cause irreparable damage to the agency.

Carrie and

Time City.  $\eta_{N^{2N}}(s)$  next year. Still, the agency has imposed almost a total freeze on hiring additional personnel and on ordering equipment for its technical assistance and research pro-

"If we do not know where we stand with the Americans by next March, then we will be in real trouble," a high-ranking member of the secretariat said. The U.S. reaction to the vote in

Vienna was instrumental in heading off two later moves to reject Israeli credentials — at a meeting of the International Telecommunications Union in Kenya and at the UN General Assembly in New

U.S. officials acknowledge that the American walkout reflects a deeper disenchantment with the agency, a feeling that goes back to the Carter administration. When the agency was founded, its membership consisted almost exclusive-ly of industrial countries with direct involvement in the develop-ment of nuclear energy for peace-ful uses, particularly in the development of nuclear power.

Many of the agency's members are now Third World countries that have little or no technical or economic interest in nuclear energy but a considerable political interest in acquiring nuclear technology and technical assistance.

Kenneth Davis, U.S. deputy secretary of energy and head of the U.S. delegation, emphasized that point in his statement announcing the U.S. withdrawal after the vote against Israel.

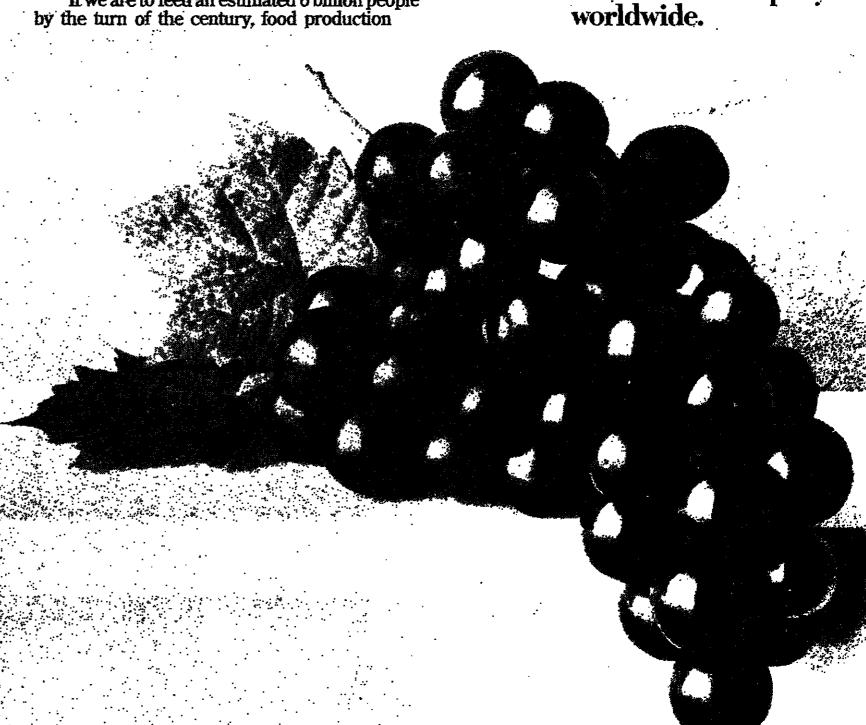
The degree to which IAEA has now become politicized is com-pletely unacceptable to my govern-ment," he said. "This is an agency which was founded as a technical

The agency secretariat foresees body to assist in efforts to make no real budget crisis until well into ergy available to all under safeguards which would assure the world as to the peaceful use of that energy. Instead, it has become a forum for debating political issues. This pattern of abusing the UN system to carry on political vendet-tas is corrosively dangerous. The politicization of specialized international organizations such as IAEA must cease."

An independent observer in Vienna commented the other day. "The Americans in a way really created the problem for themselves when they began urging Third World nations to join the IAEA, even though their practical interest in nuclear reactors might be nil. There was a tacit bargain implied. If developing countries would join IAEA, sign the nonproliferation treaty and guarantee to place any nuclear installations under IAEA. controls, then the door would be open to nuclear technical assis-

"This was perfectly laudable and understandable, but it was also inevitable that Third World countries would bring with them their own demands and political attitudes toward how the agency was run by the 'big boys.' of the industrial world."



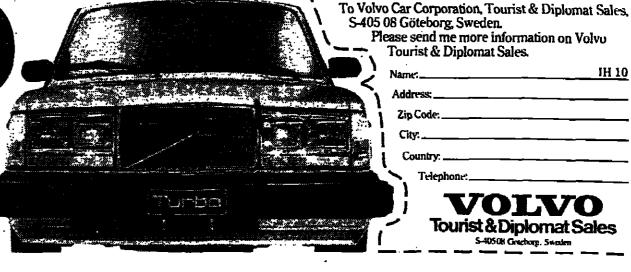


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## Apartheid and the IMF

heid. South Africa makes itself a tempting target for pressure from groups offended by official racism. Thus its application for a loan from the International Monetary Fund has stirred objections at the United Nations and in the U.S. Congress. Rejection of the loan on political grounds would mean that the fund could no longer serve its global purpose — to help any member in trouble. Approval with proper strings attached could help lift the shroud of South African injustice.

The purpose of the IMF is to help member countries when they have balance-of-payments problems. Together the monetary fund and a would-be borrower identify the sources of the problem, and the fund prescribes steps required to correct it. Politics and social issues are theoretically ignored, although it would be naive to deny that they are integral

to any country's economy.

South Africa's immediate problem is not unusual: Export earnings have collapsed, inflation rages and the economy is stagnating. The price of gold, the principal export, has plunged from more than \$800 an ounce two years ago to the mid-\$400s today. Prices are also weaker for other exports, including diamonds and sugar. The corn crop was poor.

As a member in good standing, South Africa is entitled to draw on the fund. The proposed borrowing would be \$1.1 billion. Approval for two-thirds of the amount, because of the drop in export earnings, is virtually automatic. The IMF imposes no conditions on such loans, on the assumption that the situation will correct itself. But the other onethird, traceable to internal mismanagement, is subject to normal IMF scrutiny.

a symbolic blow for humanity. Its rules generally prescribe painful austerity measures for a borrower - cuts in government subsidies, reduced tariff barriers and removal of other practices that inhibit smooth growth. Systematic repression of black workers is surely a relevant economic fact. Diplomatically but firmly, the fund can make an issue

of that repression and press for progress.

Would such a compromise offend a tradition of political purity at the IMP? Not really. The agency has probably been more successful than any other international body in resisting politics; as far as is known, no loan has been made or denied solely for political reasons, although some have certainly been delayed. But the fund has a dirty little secret: All 146 members should be represented by the 22 countries on its board, but two, South Africa and Egypt, are not, no country wanting to represent them. Both have full voting and borrowing rights, but their fellow mem-bers have put them at the back of the bus.

The IMF, in other words, is by no means pristine now. And the larger point is that po-litical and social issues are inseparable from a

nation's economic well-being.

The question, then, is whether the IMF's muscle can be used constructively. Denying the South African loan outright would set a destructive precedent. Let the fund raise the issue in negotiations over problems of the South African economy and acknowledge it in a few diplomatically worded observations attached to the loan. That would make an important political point without undermining the fund's integrity.

-THE NEW YORK TIMES.

## **Pressuring El Salvador**

talk of peace is in the air. Earlier this fall the outlook was bullish. More recently it has been the other way. What is going on?

The struggle in El Salvador may have entejed its next-to-last stage. The last stage, if it comes, will require government and guerrillas to try to reconcile their differences. Meanwhile, both sides must sort themselves out. There is some evidence that the guerrillas have been trying to position themselves for a political settlement. Just such an effort is

now apparent on the government side. A struggle for power is being waged between the leading government elements, both of them military. One, led by Defense Minister José Guillermo García, accepts reform and some kind of "dialogue" with the left. The other, led by Roberto D'Anbuisson, president of the constituent assembly, represents the feudal right and opposes any reaching out to the left. The tug between them has been especially active in recent months.

It is a Salvadoran argument, but inevitably the United States is part of it by virtue of the commitment two administrations have made to democratic reform and anti-communism. In the Reagan period it has sometimes seemed to Salvadorans that the United States was so intent on fighting communism that it would not insist on reform. The D'Aubuisson forces have boped to capitalize precisely on this tendency. Recently, however, Reagan administration officials have been trying to demonstrate that reform, including concern for human rights, cannot be stinted. That

translates into support for Gen. García.

The general is not, by American standards, liberal. He is a tough officer involved in a guerrilla war and a political struggle at the same time. He is very much a man on the spot. He has become the principal custodian of the U.S. connection, through which flows the aid that keeps the government upright, but the feudal right sees him as a U.S. tool.

This puts on U.S. policy a requirement it has had difficulty in meeting in many Third World places. The United States must demand from Gen. García a domestic performance that will help him rally his own people and that will make support of him acceptable to a U.S. public concerned about rights and reforms. But the United States cannot make such heavy demands that the general and his government will collapse. It comes down to a judgment on how much U.S. pushing the local traffic will bear. Our own feeling is: more. -THE WASHINGTON POST.

#### Other Opinion

NOV. 3: FROM OUR PAGES 75 AND 50 YEARS AGO

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General Manager, Asia: Alain Lecour. 24-34 Hennessy 73. Oct. Hong Kong. Tel. 5-28 56 18. Telex 61170. S.A. au capital de 1.200.000 F. R.C.S. Nanterre B 73.021126. Commission Partiaire No. 34231. U.S. subscription: \$256 yearly. Second-class pastage paid at Long Island City, N.Y. 11101. © 1982, International Herald Tribune. All rights reserved.

ROLAND PINSON

#### In India, the 'Developed Man'

One of the main objectives of government schemes is to encourage self-reliance. [but] nothing frightens the vested interests in the villages more than when they see what we might call the Developed Man. He is the person who answers back, asks difficult questions and points out the flaws in the system. He names the corrupt officials and can sometimes force the system to do the very thing it only pretends to want - take some action.

Although he has never been to school, he is living proof of how rural development can work. But if he passes the village headman he is not likely to get off his bike, as a member of a lower caste is supposed to; nor will he sit on the floor when discussing a problem with members of a higher caste.

These may seem like small acts of defiance. but they take great courage because the dom-inant minority in the village will go to ex-traordinary lengths to stifle signs of self-reli-ance in their inferiors. If a widow builds a toilet next to her house, this, too, will be treated as an act of defiance, and pressure will be put on her to close it down immedi-ately. The headman and other respected village families do not have a toilet, but use the field. The widow's toilet is not "develop-

ment" but an insult to her superiors. The most effective method the rural rich have of clinging to their power is to make the poor ever more dependent on government and petty government officials. For almost everything that concerns the poor villager and his chances of improving his living conditions he will have to turn to the local ruling order. The very idea of the rural poor's participation in rural development programs is a threat to the village government functionar-ies, [who may] not be able to continue their

corrupt practices or protect one another.

The tragedy of India's rural development

LONDON - Lloyds Weekly News editorial-

ly remarks that exceptional interest attaches

to the forthcoming visit of the kaiser.

Though the policy of that remarkable sover-

eign has seemed at times to be directly anta-

gonistic to British aims, the English people have never forgotten the devotion to his

grandmother Queen Victoria, and the hurried

visit he paid her bedside when she lay dying.

His own strenuous and potent personality also impresses them. They have further the

belief that his journey to our shores at the present time indicates the beginning of a

complete understanding between the British

and German Empires, and is an assurance of

peaceful and mutually helpful relationship."

PHILIP M FOISTE

SAMUEL ABT CARL GEWIRTZ

WALTER WELLS ROBERT K. McCABE

1907: Interest in the Kaiser

schemes is that instead of welcoming development of the village community's resources, many Indians regard such improvements as a threat to the social order.

What has to be faced is that every loan, hand pump, pre-primary school, adult education center and dispensary that the govern ment helps bring to the community has political implications. You cannot help the poor without involving them in their development. Their involvement changes their attitudes to how they are governed. Those who claim that you can have development without changing the attitudes of the poor do not know what they are talking about.

The dilemma for people working in rural development is not whether or not development must also mean changing the political attitudes of those who benefit from it. The dilemma, and it is not one that should concern only the development worker, is where to draw the line and who should draw it.

#### — Bunker Roy, a rural development worker in India, writing in The Guardian (London).

Risking to Send Reagan

A Republican speaker unwittingly under-lined the irrelevance of Ronald Reagan's 1982 midterm campaigning when he told a rally that the president's overnight visit in Las Vegas was a boon to the recession-crippled tourist industry. Mr. Reagan had not traversed the continent to plug the fantasy town's entertainment lures, but it was not clear to Nevada Republicans just why he visited them for the second time in three weeks. In fact, the president was jet-stopping the Rocky Mountain West in his final two days of 1982 campaigning because his advisers could find no other states where he was wel-come and where they would risk sending him.

Syndicated columnists Rowland Evans and Robert Novak (Washington).

1932: Jobless Riot in London

LONDON - Although an organized march

of the unemployed on the Houses of Parlia-

ment was broken up by police action, rioting broke out in central London. Many windows were broken and heads cracked and several

arrests made, but the disturbances were spo-

radic and undirected. The disturbing element

was composed largely of youths from the

London slums, whose tactics consisted of

harassing the police but seldom of engaging in stand-up fights. Out-of-town hunger

marchers were conspicuous by their absence. Authorities struck at the central direction of

the unemployed movement by arresting its

head, Wal Hannington, charging him with trying to cause disaffection among the police.

## A Historian of Imperial Decline Looks at America

NORWICH, England — The philosopher George Santayana observed many years ago that those who do not know the past are condemned to relive it.

He did not, of course, mean that history repeats itself in exactly the same form as a chemistry experiment can be repeated. Between one age and the next, the people, places and events change. But he did mean that those who had no knowledge of past follies and disasters would have little way of appreciating how to avoid future calamities. And he implied that if politicians and their publics had no idea of the contours of history, and of the larger factors that influence change, they would be illequipped to handle current problem

Santayana's view is clearly not shared by the administration of President Ronald Reagan any more than by those that preceded it.

During the great debate that has been taking place about America's relative economic and military decline since the 1960s, the historical dimension has been seriously neglected. Nei-ther Mr. Reagan's belief in "the American way of life," nor Jimmy Carter's pursuit of idealistic but flawed policies, nor the array of economic theories and political programs suggested by right and left has shown awareness that the problems of the United States are the sort that

earlier great powers also faced.

The historian of world empires, looking at the current flounderings in external and inter-nal affairs, is strongly tempted to say, "We have seen it all before

It may seem curious to charge recent U.S. presidents and their staffs with lacking a sense of history. All have been aware of their country's heritage, national heroes and strucoles. contributions to world society, culture and democracy. Their very existence in the White House reeks of historical consciousness.

Yet such a background actually hinders an objective analysis of the present U.S. dilemma. The formative years of Presidents Reagan,

SINGAPORE — Every profession has its temptations. In

journalism the temptation is to

Iran. Remind your readers (as a

subdue the Persians since the vic-

tory of the Arabs in the battle of Qadisiya in A.D. 637. James Res-

ton branded the war as one of the

Next Iran is invading Iraq. So, tell your readers (as The Econo-

mist did in its July 14 issue) that it

is the revenge for Karbala. The magazine tells us that "The histor-

ic tragedy of Shia Islam was the

massacre in A.D. 680 of the forces

of Hussein, the prophet's grand-son, at Karbala, 50 miles south of

Baghdad Iran's Shias are now

There is hardly a current war that has not been "historically"

explained. You may think that

China and Vietnam have been

fighting only in the past three

years, but journalists will quickly

correct you and point out that

Vietnamese kings have been fight-ing the Middle Kingdom for

The superficial reader may

think that the Chinese-Soviet con-

flict is ideological, or a border dis-

pute, but seasoned foreign corre-

about 1,000 years.

getting their chance at revenge."

play historian.

'ancient struggles."

By Paul Kennedy

Carter, Ford, Nixon, Johnson and Kennedy were those of World War II when the United States, throbbing with patriotism and industrial productivity, burst through to become the greatest power on this planet. So it has been ychologically impossible for such politicians in later life to handle the awkward question: "What do we do, as the first generation to have to manage America's relative decline?"

It is more comforting to assert that the country will recover, provided it returns to those d-given precepts of hard work, low taxes, reduced government social spending and enes for the rise of those nations; and they have shown how those "superpowers" began to decline when circumstances changed. Why can't the same exercise be done to throw light upon the problems in American policy today.

To begin with let us admit that the steady rise of America to world power was probably due much less to the Protestant ethic of hard work and clean living than to a cluster of favorable geographical and technical factors.

Protected by the Atlantic Ocean - and the Royal Navy — from serious external threat, America could divert its energies from swords

The past suggests that military might and global influence always need to rest upon strong economic foundations.

hanced national pride that, they believe, brought the United States to the pinnacle of world power in the first place.

Even the fears being expressed about the enormous rearmament program of the Reagan administration can be answered by a reference to history: Surely, is the retort, it is not beyond the power of the United States to raise its dee spending from the present 5 percent of GNP to 7 or 8 percent, when one recalls that it allocated 45 percent of GNP to armaments in 1944 and 10.5 percent as late as 1955?

Every one of the great world powers of the past 400 years — Imperial Spain, France from Louis XIV to the Emperor Napoleon, the British Empire — had those who argued in the same way, when their countries showed signs of decline. Each of those nations had in turn risen to and fallen from global pre-eminence.

Historians have traced that "trajectory" of

power; they have explained the specific econic and technological and geopolitical caus-

to ploughshares throughout most of the 19th century. Rich in raw materials and food, but relatively sparse in population, it could only exploit its resources by introducing labor-intensive machinery, and this gave its entrepreneurs

an unforeseen advantage over foreign rivals.

While it held aloof from Europe's political quarrels, America benefited from an enormous two-way economic relationship: sending out vast supplies of cotton, wheat, timber, beef and (later) machinery, and importing early European technology (especially the railway) and large sums of capital to further its industrialization.

America did not grow up in a vacuum.

The two world wars accelerated two trends. They weakened the economies of Europe by diverting too much of their limited resources into armaments; and they harnessed the still-untapped potential of the North American continent for military purposes.

After 1945 the United States found itself in a

remarkable position. It possessed more than

tries than about Europe. It is not that the French and the Germans

have a special gift for forgetting

the past, whereas the Sunnis and

Shias cannot forget grudges from 12 centuries ago. Few foreign cor-

respondents and fewer Western

readers are aware that the history

of Asia is also a many-headed hy-

dra, like the history of Europe,

and that it can be used selectively

to justify almost anything.
That is why the Iran-Iraq con-

flict is more likely to be explained in terms of Shia-Sunni conflict

than as the ideological, economic

and territorial dispute that it is, whereas the French-German con-

flicts are explained, say, in terms

of European Community agricul-

tural policy, without recourse to

the memory of two world wars. By linking their news to ancient

events, journalists hope to tran-

had heavily invested in new plants, and it man-aged to channel its prodigious wartime energies into impressive peacetime growth during the years following. Most important of all, it enjoyed a near-monopoly in domestic and in many foreign markets, since its former commercial

rivals had been ruined by the war. To find an equivalent position you have to search back in history to Britain after 1815: It had just then completed its triumphant war against Napoleon, its Industrial Revolution was taking off, its rivals were exhausted economically and it had a monopoly of world markets. This was the age of "Pax Britannica," just as some people have called the years after 1945

the age of "Pax Americana." It was in those later favorable circumstances one ought to repeat, that today's American leaders grew to assume it was natural for their country to be top dog. It was in such circumstances, too, that the nation could bear heavy defense expenditures during the early stages of the Cold War without suffering too greatly. But the situation in the '80s is quite different

from that of 20 or 30 years ago. For reasons that economists and economic historians quarrel over, the long-term secular growth of the U.S. economy has been slowing down while that of other countries has increased fester. The rate of increase has been steadily dropping from around 3 percent a year between 1960 and 1973 to about 1 percent a year since then.

America's steel, automobile, textile and elec-

tronics industries are in decline and failing to match foreign competition. Its computer indus-try is being overtaken in some sectors by Japan, and there are indications that this may happen with its aerospace industry. It is well behind in robotics. Its rates of investment in productive industry are lower than in many other industrial countries. Plant is thus much older.

In addition, the disastrons war in Vietnam, the great rise in social expenditures since Lyndon Johnson's time and the continued failure of U.S. governments to balance the budget have combined to produce inflation and weaken the purchasing power of the dollar abroad — which can only be countered by offering high interest rates, thus choking industrial recovery.

Without making too much of the comparison, there are signs that America is succumbing to the so-called "British disease," almost a century after Britain began to lose its place as the world's workshop. Look at the statistical trends. After 1945 the United States had half of the free world's GNP; now it has about 30 percent, and by the end of the century the figure will probably be 20 percent. In the mid-19th century Britain possessed half of the world's manufacturing production; by 1870 it was down to 32 percent and by 1910 to 15 percent. It was this erosion of an industrial lead that

was the long-term cause of the end of the "Pax Britannica," just as it is the poor U.S. economic performance in the past two decades that ultimately explains the eclipse of the "Pax Americana." Military might and global influence always need to rest upon strong economic foundations. When the latter weaken, so, too, does one's real power in the world.

There are two broad conclusions to draw from all this. The first is that, on the whole, the American decline is perfectly "natural." Every previous world power enjoyed a period when its influence was at its height, before it slowly waned. Why should we imagine that the United States could escape from such a pattern?

When Imperial Spain was declining in the 17th century, there was no lack of pressure groups claiming to have the remedy. Reduce tax levels, some argued. Cut the enormous costs of the armed forces and the government, said others. Make industry more competitive and eliminate restrictions, said a third group. Appeal to the people's patriotic spirit and call for greater sacrifices, insisted the military.

Land at

Exactly the same thing occurred in England at the turn of this century, as people pondered the long-term decline of the British Empire and sought ways to prevent it. Now this quite natural process is happening in America.

Various political a ns claim they can re store the country to its former position. The lesson of history suggests that they will fail. The second conclusion is that the simple so-

lution of restoring global power by spending many billions on arms is no solution. It will strengthen the strategic posture in the short term and benefit those firms receiving Pentagon contracts. But a heavy rearmament program, imposed on a shrinking industrial base, will divert funds to unproductive investment.

Even at the mid-70s low point in military spending, the United States devoted 28 percent

of its research and development effort to defense, compared with West Germany's 7 percent and Japan's 4 percent. The present arms boom will increase that trend, just as it will drain more and more engineers, physicists, mathematicians and other scientists from commercial industry into defense-related fields. And enormous federal deficits over the next few years will weaken U.S. credit, keeping in terest rates high and hurting domestic industry. The short-term benefits of having larger defense forces may be undermined by the longterm effects of a less competitive economy.

The writer is professor of history at the Univer-sity of East Anglia. His books include "The Rise and Fall of British Naval Mastery."

## Is History a News Source?

#### No, Playing Historian Is Not the Journalist's Job

By Narayanan Balakrishnan

the Kremlin are still haunted by memories of Genghis Khan and the invading "yellow hordes." A closer look shows that many It's 1979, and Iraq is invading New York Times writer did) that the Arab aim has always been to

"historical" parallels are shaky. Vietnam and China may, fact, have fought each other 1,000 years ago, but it is also a fact that the Chinese and the Vietnamese together were fighting the Americans much more recently. The Soviet Union and China may be enemies now, but they were allies for a decade in the '50s, Russian

memories of pillaging "yellow hordes" notwithstanding. There are few neighboring countries that have not fought each other within the past few centuries. But historical memories are not so deep that one-time enemies are doomed to fight each other to eternity. It is doubtful whether actual memories of war last more than a generation. In any event, there are too many cases of reconciliation between nations who used to be bitter enemies for us to believe in the his-

torical determinism of old wars. Of course, the protagonists of modern wars themselves raid history for justifications for their actions. Tehran radio announces that the "sons of Khomeini have now gone to the front with the in-

while Iraq's President Saddam Hussein is labeled "the victor of Qadisiya." But such propaganda is to be expected from the antagonists, and journalists should know better than to repeat it as if it were historical truth.

The politician's attitude toward history was probably summed up by Bismarck a century ago. He was on a relentless quest to build a Prussian empire. Asked to explain why he was invading a small kingdom, he is said to have replied that it was his job to carry out the invasion and it was the job of the professors in Heidelberg to explain why, for historical rea-

sons, it had to be done. The same journalists who drag out forgotten battles to explain current ones seem reticent when it comes to explaining peace. Why is seend the limitations of their that the French are united with the English in the European Community, and not plotting revenge for the battle of Waterloo?

If historical memories are so important, how is one to explain that the French and the Germans are allied against Moscow? And that Britain and its former colony, the United States, can now have a "special relationship"?

It is no accident that historical generalizations are made more of-

craft, much like new immigrants who construct elaborate family trees to ennoble their ancestry. Perhaps it will be better for all

concerned when the next war comes around if journalists confine themselves to telling us who is selling the arms to the antagonists, what the ideological differences between them are and what economic issues are at stake.

Narayanan Balakrishnan writes

## Yes, Cracking History's Codes Is Good Journalism

WASHINGTON — Naray-anan Balakrishnan complains above about the sillier historical "explanations" that journalists have offered for recent violent eruptions. He charges, with some justice, that we are so light-headed as to be easily flattered by the thought that journalism is, in one current phrase, "the first rough draft of history."

His scolding hits me in a sensi-tive spot Still, I think his advice oranted, it is silly and pretentious to "explain" a current conflict by dredging up a forgotten grudge, dynastic or religious, that is centuries old. The first requirement for anyone who uses history to explain the present is a discrim-inating sense of what is pertinent. Consider one of Mr. Balakrish-

nan's examples: Foreign corre- that soon followed should have spondents will tell you the men in come as no great surprise. the Kremlin are still haunted by memories of Genghis Khan and invading "yellow hordes." Well, you can leave Genghis Khan out of that picture, but it helps to recall history of more recent vintage. For instance, that Stalin backed Chiang Kai-shek.

As late as 1945, at Yalta, Stalin was still "betraying" his Marxist kinsmen in China for the sake of the wartime alliance with the United States, Chiang's principal patron. Since the leaders of the Chinese revolution have long and exacting memories, they doubtless recalled Stalin's disloyalty, even in the brief period of solidarity in the 1950s. In that light, the schism

By Edwin M. Yoder

Few turbulent struggles on Earth today are not rooted in the past From Northern Ireland to Lebanon, vectors of historical force play on those struggles. It is neither good journalism nor good history to forget it. How is one to explain that the

French and the Germans are now allies against Moscow? That is the wrong question. Better to ask how old enemies became new friends - but the answer is the same. It is precisely the strength of historical memories (of butchery in the trenches of 1916, of the Blitzkrieg of 1940) that animated Jean Monnet, Konrad Adenauer, Charles de Gaulle and the other architects of

the European community. Historical memories do not always move men negatively. In any event, good historians

know that those memories, the bloodstream of events, are always thicker than the watery ideologies and doctrines in terms of which unhistorical people interpret the world and its conflicts.

Mr. Balakrishnan's argument, superficially plausible and enter-taining is shallow beneath. That journalists sometimes embellish poor reporting with bad history is no argument against historical awareness - in journalism or politics. Even when they are unconscious of it, nations possess a his-torical coding. The task of jour-nalists is to break the code, not to pretend it isn't there.

The Washington Post.

#### LETTERS TO THE EDITOR

## There's No End to the Campaigning

WASHINGTON — Nice as it is to wake up in the morning and realize the election is over, there is the sobering reflection that there is al-ways another one to come. These words are written before the results of the midterm voting become known - but not before some politicians move into position for 1984.

Anticipating a landslide re-election victory on Tuesday, Sen. John Heinz of Pennsylvania let reporters know that he was available in Washington to discuss his campaign and the lessons it might hold for his party.

He is one of half a dozen Republicans who want to be ready for 1984, in case President Reagan decides not to seek a second term. If some of the others were not holding similar ses-sions, it was only because they were so worn-out from their off-year political travels that they could barely talk. Senators Bob Dole and Howard Baker - both presidential aspirants in 1980 and, presumably, in 1984 if Mr. Reagan desists — were out cam-paigning for fellow Republicans al-most every day in October. So was

Rep. Jack Kemp of New York.
The Republicans' champion traveler was Vice President George Bush, who stumped almost nonstop from Labor Day to Election Day. I was with him on a day when his main stops were Cape Girardeau, Missouri, and San Francisco, Last week, I noticed, he did the always enchanting run from Jackson, Mississippi, to Boise, Idaho. No wonder there were days when he seemed a bit punchy.

If Mr. Bush was hearing footsteps on his weird trail, they were probably those of his predecessor, former Vice

By David S. Broder

President Walter F. Mondale, who was the champion traveler on the Democratic circuit, Mr. Mondale frazzled himself into the granddaddy of all head colds, with the result that when he was seen on one of the network interview programs late in the campaign, he let the whole country watch a 30-minute demonstration of his nose-blowing technique.

But nobody ever said there was a lot of dignity in running for presi-dent. Sen. Gary Hart of Colorado found that out when sharing a ride in a light plane with a gubernatorial candidate who had a notably queasy stomach and a fear of flying.

The pursuit of the golden dream impelled Sen. Edward M. Kennedy of

Massachusetts to read nursery rhymes in a Chicago play school and sent Sen. John Glenn to ride down the sweltering streets of Sylvester, Georgia, as grand marshal of the Peanut Festival Parade. This is a kind of insane drill to

which America subjects the presidential hopefuls. But in theory, at least, they can use the off-year campaign-ing to hone their skills and prepare for the rigorous tests still to come There are two or three lessons to be

learned from the 1982 campaign that may be useful for 1984. This year, once again, demonstrated the value of debates as a forum for exposing the candidates' positions and personalities. I was particularly impressed with the series of weekly Monday night debates, carried on public television, in the Connecticut Senate

ing on a particular policy area.

As the presidential candidates

make their formal announcements, we in the press ought to try to get them committed to taking part in such a series of debates as long as they are in the race, and particularly if they make it to the general election. We should not go through the fancy game of evasions that delayed the presidential debate until the final

week of the 1980 campaign.
In several states I visited, notably California and Illinois, debates were sharpened by eliminating the panel of reporters and letting the candidates question each other directly. It is better. ter theater that way — and the issues were more sharply defined.

On the other hand, 1982 has been a year of gross distortions in political

advertising, with an unhealthy emphasis on besmirching the opponent. The most effective way of curbing this sludge in 1984 would be to get the presidential candidates to promise in advance that they will screen each new commercial for the press on the day it goes on the air, and thereby allow the opposition to respond before the smear sticks.

The Washington Post.

Letters intended for publication should be addressed to the editor and contain the writer's signature, name and address. Brief letters receive priority, and letters may be abridged. We cannot acknowledge all letters, but we value the views of the readers who submit them.

#### **Debating Palestine**

Regarding "Too Many Attacks on Jews in Palestine" (IHT, Oct. 14): I was pleased to read Geula Cohen's well argued defense of Israel's actions, and the equally eloquent rejoinder by Mohammad Tarbush ("In Palestine: Room for Debate?" IHT, Oct. 25) urging an open and reasoned dialogue between the Palestinians and Israelis. It is all too seldom that one comes

across such constructive discussion of the fundamental issues in this painful, crucial debate. I hope that your pages will continue to carry pieces of this nature. We need more cogent presentations along these lines and fewer invectives such as Katie Clarke's rehash of past treacheries (Letters, Oct. 27), which substitutes bitterness for rationality and anecdote for argument.

ROBERT'S, RIVKIN.

#### The Nobel Prizes

Regarding the editorial "A Draft No-bel Address" (IHT, Oct. 21): I fear that this editorial reflects an

unrealistic stereotype which is often thrust upon academicians, especially scientists. Although the editorial makes some excellent secondary points, its overall impression mirrors a public desire that we (I am a physicist) not "labor long years in the laboratory to win prizes," that "the dis-interested pursuit of knowledge" should be our primary concern.

Why should academic ambition

alone be so idealistic? Anybody who

#### has ever put an idea on paper without the ultimate goal of somehow reaping benefaction from it is a blockhead. Yet the editorial indicates that more

money than most of us can earn in several years should be unhesitatingly refused for the sake of "principle."
Whatever the founding principles of a Nobel Prize, it has only one mod-ern meaning: It is the pinnacle of achievement for academic endeavor. How ludicrous would a similar draft address sound at other sward cere-

monies, say, the Olympic Games?

I resent any philosophy that denies me the right to profit from my ideas as might any other person in his work. Neither do altruistic arguments work. Neither do altruistic arguments justify unfair labor practices that we often endure, or the poverty that ac-companies long years of schooling or the constant humiliation of needing to beg from funding agencies.

I know that my own humble efforts will never earn a Nobel Prize — but

who would deny me of my dreams? JEFFREY H. BUTLER. University of Oxford.

#### Reagan and Jobs

Hedrick Smith fin "Analysis Call Turnous of Undecided Crucial," IHT, Oct. 23) detected no wave of protest against President Reagan during the election campaign. My husband has lost his job in the construction machinery business due to Mr. Reagan's diversion of funds from the economy to the building and stockpiling of weapons. People without jobs have little to fear from communism.

C. SIMPSON.
Doctmund, West Germany.

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# erica Democracy in Peru Faces Crucial Test

## Weak Economy, Political Violence Are Chipping Away at Optimism

By Jackson Diehl

to the state of th Washington Post Service LIMA — The crowds still chanted "Architect!" when to the other Fernando Belaunde Terry, Peru's inveterate barnstormer of a presiinveterate barnstormer of a president recently whistle-stopped through the high Andean serra where guerrillas have challenged his government.

In the presidential palace in April 1 april

Lima, where economic crisis hovers over ministers' meetings, the wooden tables of the old bandistributed and some some grounds and scale models of the bridges and scale models of the bridges and apartment towers me planned for the country.

But after months of apartment towers the architect has

But after months of recession, curtailed programs and resurgent political violence, Mr. Belaunde's hallmark formulas have begun to the state of the s show troubling signs of wear. And two years after he reopened a new with home w era of democratic government, his government is facing what sup-

government is taking what a porters consider a crucial test.

There were a lot of expertions raised by the return to "There were a lot of expectations raised by the return to de-mocracy and the programs we ini-tiated," said Jaime de Althaus, a government policy adviser. "Now to the first of th restlent in market we run the risk of creating frustra-tions and having people lose confi-dence in democratic institutions." Politicians and diplomats see no prospect of a breakdown of de-

mocracy or a military coup like the one that ended Mr. Belaunde's said, but it has not been able to wanted to recognize and has mount all of the necessary force."

The economic idling has sunk

While hard-liners have comcountry of 18 million people are

As recession has forced down prices of mineral exports like copper and silver to their lowest level in 40 years, Peru's economy has stalled and its balance of payments has slumped severely.

Government officials have been

forced to look for cuts in government spending to satisfy creditors and the International Monetary Fund. Mr. Belaunde has come nowhere near his campaign promise of creating a million new

More than half of Peru's population remains unemployed or un-deremployed according to government figures, even as inflation re-mains at a level of around 60 per-

Meanwhile, the economic problems have all but frozen much of the ambitious program of building roads, housing and schools and colonizing of eastern jungle areas that comprises Mr. Belaunde's long-treasured vision of Peruvian development

"There is a frustration in the government because of the eco-nomic crisis," Mr. de Althaus said.

The economic idling has sunk Mr. Belaunde's popularity rating from a high of near 50 percent early this year to a little more than 30 percent now, according to poll results published by the magazine Caretas.

At the same time, the govern-ment's political problems have been sharply increased by the expanding activity of Peru's Andeanbased leftist guerrilla movement, Sendero Luminoso.

After months of huring dynamite at government buildings and foreign embassies, the estimated 500 to 1,000 members of Sendero Luminoso, or Shining Path, suddenly emerged as a political issue this year after they attacked a prison in the town of Ayacucho and freed 250 prisoners.

Now, weeks after another upsurge of rebel activity provoked the authorities to declare a state of emergency in Lima and three Andean provinces, opposition politi-cal leaders and even some of Mr. Belaunde's supporters have made a major issue out of the govern-ment's handling of the problem.

"He is looking very weak on the guerrilla problem," said Manuel d'Ornellas, a political columnist and strong supporter of Mr. Be-

plained about Mr. Belaunde's refusal to order the army to handle

the guerrillas, other opponents and human rights groups have said that arrests carried out under the state of emergency and abuses by the police have smeared the government's democratic character. For Mr. Belaunde, who is to vis-

Washington Nov. 9, these charges have been both wounding and perplexing. When asked in a recent interview about allegations of police abuses, Mr. Belaunde responded, "People who talk human rights here, they want to teach

said, "the world is in worse shape now." But Mr. Belaunde argued that Peru had borne up under the effects of recession in industrial-ized nations better than most of its neighbors in Latin America.

Still, his sharp denials of prob-lems in handling terrorism and his image of detachment from economic matters has led some analysts to say Mr. Belaunde has lost touch. Others say the government is more accurately described as temporarily stalemated.



هكذامن الدعيل

Fernando Belaúnde Terry

now seem deadlocked. For Mr. Belaunde, political analysts say, the danger is that a conunuing impasse, with its publi-cized trickle of new violence, will result in mounting public calls for the army to "reestablish order." The result could be a severe loss of prestige for the president, even the

start of a chain of events that could lead to a coup. For now, Peru's military leadership is believed to be loyal to Mr. Belaunde and reluctant to be in-

## Clandestine Raids Into Nicaragua Supported by U.S., Officials Say

By Philip Taubman New York Times Service WASHINGTON - The United

States is supporting small-scale clandestine military operations against Nicaragua intended to harass but not to overthrow the Nicaraguan government, senior Reagan administration officials

The officials on Monday denied report in Newsweek magazine that the Central Intelligence Agency was trying by covert means to opple the leftist government in Managua\_

A senior national security official insisted that the scope of clandestine operations was limited to hit-and-run raids into Nicaragua by small paramilitary units based in Honduras, skirmishes with Nicaraguan troops along the Hondu-

for political opponents of the Sandinist government.

The official said that no Americans were directly involved in the paramilitary operations, but acknowledged that the CIA was providing money and military equipment to the units. He said that Americans were also helping to train the anti-Sandinist forces,

which are composed primarily of

Nicaraguan refugees. The official contended that the military and financial aid fell within the limits of an overall plan for covert operations in Central America approved by President Ronald

Reagan almost a year ago. The plan, parts of which were disclosed in press accounts earlier this year, called for formation of a

small paramilitary unit in Hondu-

to guerrillas in neighboring El Sal-vador and financial support for moderate political and business institutions and leaders in Nicaragua, administration officials said.

"We are not waging a secret war, or anything approaching that," a senior intelligence official said, "What we are doing is trying to keep Managua off balance and apply pressure to stop providing military aid to the insurgents in El

Salvador." President Reagan reportedly rejected a more ambitious effort against the Sandinists, partly because that was considered potentially counterproductive to overall U.S. policy and partly because intelligence officials said that the CIA did not have adequate resources to undertake a major paramilitary operation.

# Schmidt's Successor Facing an Uphill Fight Against Kohl

New York Times Service
BONN — West Germany's opposition Social Democrats have embarked on an uncertain course with the designation of Hans-Jochen Vogel, the party's respected West Berlin leader, to replace Hel-mut Schmidt as its candidate for chancellor in elections expected in

The swiftness with which the party leadership selected Mr. Vo-gel last week after Mr. Schmidt withdrew bespoke both a strong consensus behind Mr. Vogel and an awareness that he has little time to project himself as an alternative to Chancellor Helmut Kohl.

For the Social Democrats, Mr. Vogel's greatest strength is his ability to reconcile the party's mainstream with its vocal and divisive left wing. It is a talent that will be tested as the Social Democrats seek a common policy for dealing with the Greens anti-nuclear

In an interview last month in West Berlin, Mr. Vogel, 56, argued that the Social Democrats should adopt an "even-tempered" posture toward the Greens, who in recent state elections have confirmed

position of Willy Brandt, the Social Democratic Party chairman, who has spoken of a "new majori-ty" that would amount to an alliance with the Greens and dissident Free Democrats upset by their party's switch to Mr. Kohl's Christian

But the wooing of the Greens has met with a warning from Mr. Schmidt. "One shouldn't roll out any red carpets to them," he said this week, "because it's not clear what they'll do with them." Mr. Vogel was first elected may-

or of Munich at the age of 34, and in 1966 he polled a spectacular 78 percent of the vote. During his 12 years as Munich's mayor, he acquired the reputation as party right-winger because of his battles with the Social Democrats' highly ideological left wing.

seriously," said 'Mr. Vogel, "and not handle them as outcasts." Anger and frustration with par-As the party's candidate, Mr. leftists persuaded him to leave Vogel has reiterated these views, Munich in 1972. Appointed justice minister by Chancellor Schmidt in 1974, Mr. Vogel, a Roman Cathoinsisting that in West Berlin the Alternative List, as the Greens are known there, had "to a remarkable lic, pushed through liberalizing redegree committed itself to the parforms of divorce and abortion laws and led the successful campaign to remove the statute of limitations for Nazi war criminals.

In the late 1970s, when the country was shaken by terrorism, against the violence without suc-cumbing to demands for outright

But Mr. Vogel was unable in

ble of constructive legislative party's fortunes, and, in elections work.

party's fortunes, and, in elections in May 1981, the West Berlin So-Mr. Vogel's indulgent words cial Democrats lost control of city about the Greens seem to echo the hall to the Christian Democrats for the first time since 1954.

> leader in West Berlin, Mr. Vogel will be handicapped by being un-able to challenge Chancellor Kohl on the floor of the Bundestag in Bonn, thereby losing valuable television coverage. If Mr. Kohl follows through on his pledge to dissolve parliament for early elections March 6, Mr. Vogel will stand for the Bundestag from one of Berlin's

A Catholic and a Bavarian in a party that is strongest in the Protestant north, Mr. Vogel faces an uphill struggle against Mr. Kohl's Christian Democrats. Polls put the chancellor's conservative party close to an absolute majority.

Asked whether he thought he was being sacrificed for a hopeless election campaign, Mr. Vogel responded: "That sounds too much like martyrdom, and I don't see it that way myself."

The candidate's brother Bernhard, a Christian Democrat, is now minister-president of Chancellor Kohl's home state of Rhineland-Palatinate; he sent his brother a humorous congratulatory telegram warning him as "a new driver" to beware of "a car that isn't roadworthy."

"Dear Brother," answered Mr. Vogel. "Don't worry about the car. Better a reliable old timer than a racing car with an out-of-shape passenger," an allusion to the Christian Democratic Party and its new ally, Deputy Prime Minister Hans-Dietrich Genscher, who withdrew from Mr. Schmidt's gov-



Cardhu, 12 year old highland malt whisky, distilled in strictly limited quantities since 1824.

Bottled by John Walker & Sons Ltd, Kilmarnock, Scotland.

#### **Proposal Sanctioning Radio Jamming** Is Blocked at Communications Parley

NAIROBI - Western nations at a global telecommunications conference Tuesday forced the with-drawal of a proposal by Czechoslovakia to sanction electronic jamming of international radio broadcasts deemed dangerous to state

A Western delegate said the proosal could have led to the jamming of stations such as the Voice of America and the British Broadcasting Corp. that broadcast to

Czechoslovakia withdrew its proposal after threats by Western nations to disrupt the Internationconference. The proposal, which had some support in Third World ssions which appear dangerous to the security of the state or contrary to their laws, to public

Hans-Jochen Vogel

their position as the country's

"We have to take these people

third political force.

order or to decency. ITU members are free to jam internal signals but are barred from interrupting international radio tries. Under current international accords, the jamming of broadcasts originating in other countries is prohibited, although some countries do block external broadcasts.

In January 1981, Mr. Vogel was sent to West Berlin to rescue the local Social Democratic organization, which had been discredited and demoralized by a financial scandal that had forced the resignation of Mayor Dietrich Stobbe. As mayor, Mr. Vogel rebuilt the party and developed the so-called "Berlin line" of a certain tolerance

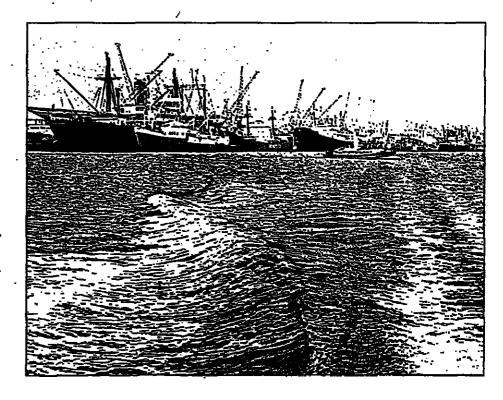
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## Halley's Comet: The Long Hello Begins By John Noble Wilford

New York Times Service NEW YORK — Some photons traversing more than a billion miles of space arrived at the Earth a few weeks ago, bearing a message long awaited.

Those particles of radiant energy, from sunlight reflected off a vagabond chunk of dirty ice, registered a faint impression on a siliconchip sensor near the base of the great 200-inch (508-centimeter) telescope on Mount Palomar

Astronomers saw the speck of recorded light and recognized its meaning. The most celebrat-ed comet is now back in view, Halley's comet. The sighting set in motion plans long laid for

one of the most intensive investigations of a heavenly object in the history of astronomy. Large telescopes around the world are being focused on the comet, now out beyond the or-

More and more telescopes will join the watch as the comet draws closer, and begin-ning in late 1984 a multinational fleet of spacecraft will be going forth to get an even better look. Sounding rockets, high-altitude aircraft and balloons are also to be readied for deployment when the comet makes its closest approach to the Earth and the sun, in the winter and spring of 1985-86. Over the next five years, scientists are ex-

pecting to make enormous advances in their understanding of comets, those swift and sometimes dazzling wanderers of solar space that have long fascinated and mystified man-

Perhaps, since comets are thought to be among the most primitive bodies in the solar system, scientists will gain from the visitation of Halley's comet a better understanding of the conditions of 4.6 billion years ago out of which the sun and its family of planets emerged.

Halley's comet is an irresistible object of attention. Its regular traveling habits and bril-liant showmanship appeal to scientists. They can plan their investigations, particularly the greeting party of spacecraft, with a high degree of precision because the comet's course is well known after so many appearances recorded in

the last 2,200 years. The comet was named for Edmond Halley, an English astronomer who in 1705 calculated cometary orbits and predicted that a comet seen in 1682 would reappear in 1758, which it did. It has been coming back every 76 years or

It will be a long time before the comet's cur-rent approach will be visible to the unaided eye, or through less-sensitive telescopes. Even then, astronomers say, the comet will not be as impressive a sight as in 1910.

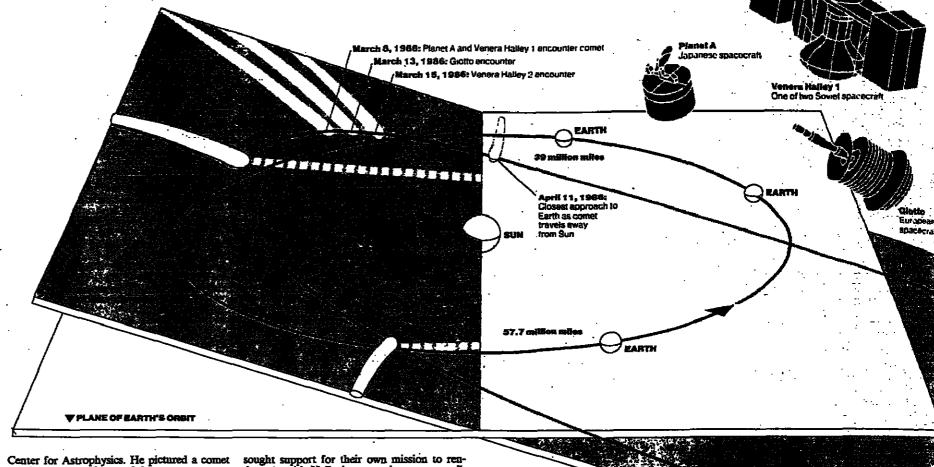
Because the Earth's position relative to the comet's path will be different this time, the comet will be on the other side of the sun when its tail reaches its maximum length of perhaps 50 million miles (80 million kilometers). The best times for ordinary viewers to get a glimpse will probably be in November and December of 1985 and again in March and early April of

But scientists are confident that recent tech-nology will more than compensate for the infe-rior viewing circumstances. This time, moreover, scientists intend to meet the comet more than halfway, so to speak, in an effort to learn more of its composition. They are sending out four spacecraft especially designed to study the

The Soviet Union, in partnership with France, has the most ambitious plans. Two spacecraft, Venera Halley 1 and 2, are to be launched in December 1984 and fly by Venus. This had been the mission's sole objective until a French scientist suggested redirecting it to encounter the comet.

The encounters are now scheduled for March 8 and March 15 in 1986. The two craft should come within 6,000 miles of the comet's solid nucleus and spend several hours taking pictures and gathering other data.

The encounter will provide a key test of the "dirty snowball" model, proposed in 1951 by Fred L. Whipple of the Harvard-Smithsonian



as a frozen mass of gas and dust.

Beside the two Soviet craft, European and Japanese vehicles will also inspect the comet...

The European Space Agency, a consortium of 11 Western European nations, plans to launch its probe July 10, 1985. The spacecraft, named Giotto, will be flown to within 600 miles of the comet on March 13, 1986. It, too, will carry a camera and instruments for investi-gating the comet's dust, gases, charged parti-cles, chemical processes and magnetic proper-

Japan's spacecraft, designated Planet A, will be launched Aug. 14, 1985, for a flyby of the comet on March 8, 1986 — the same day as the first Soviet encounter. A much smaller craft, it will carry only two instruments, an ultraviolet

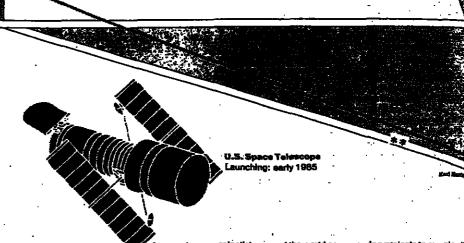
camera and a charged-particle analyzer, and may get no closer than 60,000 miles. For several years, American researchers

dezvous with Halley's comet, but to no avail. Buy American scientists will not be left out. They will be flying some instruments on the European spacecraft.

But even before the spacecraft leave the Earth, hundreds of astronomers will be peering

at the comet through a coordinated program known as the International Halley Watch. For the time being, there is nothing to the comet but its nucleus, which may be a mere three miles in diameter. It is now traveling in at

21,600 miles an hour. According to calculations by Dr. Donald K. Yeomans of the Jet Propulsion Laboratory, the comet will come within 57.7 million miles of Earth on Nov. 27, 1985 — the closest passage inbound. Then, gathering speed from the tug of solar gravity, the comet will swing around the sun, coming within 55.8 million miles of it



# The U.S. Congressional Elections: Views From Around the World

#### **U.K. Fears Reagan** May Be Weakened

Halley's comet as it streaked across the heavens in 1910.

LONDON - As the British see it, the outcome of the U.S. election could well determine the viability of Mr. Reagan's presidency. And for Prime Minister Margaret Thatcher's government, the best result would be, as one offi-

cial out it, "continuity and consistency."

Despite the differences over supplies for the Soviet natural gas pipeline, steel and other trade issues, Mrs. Thatcher is a staunch

"Ronald Reagan is obviously not going to impress the left in this country or anywhere else," one Downing Street source said, "but the majority opinion would see him as a more, rather than less, reliable partner, and that he is on the right side when it counts most."

The central issue here and in many other European capitals, is whether a strong American president, even one whose policies are seriously flawed, is preferable to a broken one, 'limp and twisting in the the wind for two anx-

iety-ridden years. The dangers or, alternatively, the opportunities of that prospect were raised this week in The Guardian, a critic of Mr. Reagan's economic and military strategies. A clear repudia-tion of Mr. Reagan, combined with the reasonable possibility that he will not run for a second term because of his advanced age, would effectively collapse the president's power, the newspaper argued.

"Common sense and a longing for stability would dictate a modest vote of confidence for Mr. Reagan," The Guardian said. But, the newspaper went on, citing American polls, the verdict appears to be that Mr. Reagan is "a pleasant fellow but a lousy chief of state."

Reaganomics is especially controversial in a country that, since 1979, has had Thatchernomics, a similar approach. Michael Foot, leader of the opposition Labor Party, has coupled the two policies in recent denunciations as a "threat to us all ... fundamentally unsound economic policies being ruthlessly applied.

Those who argue that Mr. Reagan has discredited himself and therefore deserves to be, in The Guardian's phrase, "a lame old duck" acknowledge that having the Democrats in control of Congress would lead to a period of, at best, stalemate. The critics also concede that uncertainty in American policies have a substantial ripple effect on the rest of the world.

For example, it is understood that Mr. Reagan's Middle East initiative, which has won widespread praise here, would have substantially reduced impact if the president were perceived as a declining figure. A weak presi-dent, moreover, would not be in a position to press any arms agreement with the Russians that might emerge from talks in Geneva.

#### **Trade Sanctions** At Issue in Poland

WARSAW - The U.S. elections are being closely watched by the Polish military authorities, who would welcome any signs of a weakening in Mr. Reagan's political position.

Polish attitudes toward the elections are colored almost entirely by the issue of U.S. sanc-tions against Poland and the Soviet Union imposed following martial law and the suppression of the independent Solidarity trade union. For Polish officials, "staying the course" has very unpleasant connotations since it implies at least two more years of very strained eco-

nomic and diplomatic relations. Advisers to the Polish government assume, however, that President Reagan's foreign policy course cannot last for ever. They believe that either Mr. Reagan will be forced to pursue more pragamatic policies or he will be replaced at the next presidential election by a more

moderate politician. Either way, Polish officials hope that the U.S. elections will mark a turning point. But a propaganda campaign blaming Mr. Reagan for Poland's continuing economic crisis has failed to make much impression on ordinary Poles.

#### Allies See Balloting as Referendum on Reagan Policies

"We have different views on how to bring

the Soviets to act more responsibly in interna-

tional affairs. This is not just a question of

differing views of the benefits of détente in the

United States and Germany. We seem to agree

on principles, but when it comes to details, many inconsistencies remain. Our strategies

The U.S. ambassador, Arthur Burns, in a

critical speech on alliance relations last week

that drew much notice here, listed important

issues that continue to keep the United States

and its European allies at odd. Those cited

were the nature and gravity of the Soviet threat, the proper response to Soviet aggression in places like Afghanistan or Poland, the prin-

ciples that should govern trade with the East, the best means of providing economic and po-litical support to Third World countries, and

WASHINGTON - U.S. allies in Europe and Japan are hoping that anticipated Republican losses in Tuesday's midterm congressional elections will cause the Reagan administration to soften its rightist orthodoxy and pursue more conciliatory policies in economic and military matters.

Governments in West Germany, France, Italy and Japan are known to feel that a mild Republican defeat could have salubrious effects on the Atlantic alliance, especially if the White House is encouraged to seek lower interest rates and lift sanctions against firms involved in building the Soviet-European gas pipeline.

At the same time, the allies fear that a sweeping Democratic victory poses the risk of a power stalemate in Washington for the next two years that would handicap the strong U.S. leadership needed to pull the West out of recession and relieve antagonisms with the Eastern bloc.

The accompanying dispatches from Washington Post foreign correspondents indicate that, while the elections have not stirred a great deal of public interest abroad, governments are looking at the results as a referendum on President Ronald Reagan's stewardship in the White House and as a harbinger of possible policy shifts.

#### **Bonn Expects More Stable Relations** find a common approach in East-West rela-tions, especially in trade."

BONN - The U.S. elections coincide with what West German officials regard as a new, more stable phase in relations between Europe and President Reagan.

Signs of this change, officials say, began some weeks ago, reflecting perhaps more than anything else the arrival of Secretary of State George P. Shultz and his quiet, behind-thescenes approach to diplomacy.

The administration is perceived now as more experienced and less bent on confrontation in its dealings with West European governments generally. The harsh conservatism that held sway early in Mr. Reagan's term is seen here as having given way to more moderate influences.

This development, some West German analysts hope, will be reinforced by the elections. No one interviewed in the Bonn government actually came out cheering for a Democratic victory in Congress that might hold Mr. Reagan in check, but it was clear that any election result that would have a moderating effect on the Republican right wing would be wel-

"Quite a few expect that the second period of the Reagan administration will be easier, not only because the president's people are more experienced but also because the administration may have to put up with a somewhat changed situation in Congress," said Karl-Dietrich Bracher, a historian and political science professor at Bonn University.

But beneath the optimism is a recognition that basic alliance problems are likely to per-sist for some time. A change in Washington's style can only go so far in resolving what rental differences in approach to ain fundame East-West questions.

"The central problem still remains," observed a ranking Bonn official. "We have to

Russia Watching

MOSCOW — There have been no public comments here on the U.S. elections and noth-

ing substantive should be expected before the

voting. But the Russians are following the

A special task force has been set up in what could be described as an unprecedented mobi-

lization of intellectual resources to study the

The feeling is that the elections will have a

decisive influence on the rest of Mr.. Reagan's

term. The main attention is focused on the

House races and the magic figure is 20. It is

believed that, if Mr. Reagan loses fewer than

20 seats, his policy line may become tougher

with the appropriate consequences to be drawn

A loss of more than 20 seats would be seen

The Russians are not so much concerned

about the Senate, because they see the House coalition as the basis of Mr. Reagan's power.

as foreshadowing the collapse of the working

coalition between Republicans and conserva-

tive Democrats.

Returns Closely

events in the United States very closely.

the proper alliance response to security threats in areas outside NATO, particularly in the Curiously, one election issue, the nuclear arms freeze, has received little attention in

ar weapons is strong.

still don't fit together," he said.

West German analysts offer several reasons for this. One is the lack of excitement the freeze referendums seem to be generating in the United States itself.

West Germany, where resistance to new nucle-

Second, the American proposals, with their emphasis on a mutual, verifiable moratorium by East and West, differ from the popular Enropean call for a unilateral halt to nuclear weapons deployment. This makes European peace movement leaders reluctant to draw too close attention to the American movement, except to note that a parallel effort exists.

#### China Is Impatient On Several Issues

BELJING -- Chinese officials and news media have remained silent on the American elections, but Beijing has a long list of complaints against the Reagan administration.

Chinese patience has grown so thin on a series of issues ranging from U.S. trade restric-tions to defection of a Chinese tennis star that some diplomats here believe Beijing has all but given up on the once-budding relationship while Mr. Reagan remains in office.

The Chinese leaders have dropped all talk of a strategic partnership with the United States against the Russians and use the same "hegemony" label on Washington that they once reserved for Moscow.

The Chinese have also begun a political dia-logue with the Kremlin for the first time in three years. Diplomats believe at least part of the motive for resuming those talks is disillusionment with Washington.

Deng Xiaoping, the most powerful Chinese leader, expressed as much in a meeting with a Japanese visitor Oct. 25, saying Chinese-American relations have seriously deteriorated since Mr. Reagan took office.

#### Role of Scapegoat Concerns Japanese

TOKYO - A deepening mood of frustration is evident here among Japanese over what they view as the Reagan administration's highhanded approach in dealing with Japan on the issues of trade and defense. The Japanese fear their country may be in for an extended run of being cast as a scapegoat for American eco-

Inveterate fans of American movies, the Japanese initially applauded Mr. Reagan as a figure exemplifying the values of individual strength, fairness and self-reliance that they tend to ad-

But, after two years of Mr. Reagan's hard-line policies, a curious sort of nostalgia has set in for an American administration with a less strident, ideology-oriented bent.

Government and private economists here generally give Mr. Reagan high marks for his efforts to turn around the U.S. economy, the biggest single overseas market for Japanese

The president's calls for belt-tightening and self-sacrifice strike a deep chord with the traditionally frugal, highly disciplined Japanese. But the consensus of many in government and siness here is that a continuation of Mr. Reagan's economic policies will keep any benefits for American industry far down the road. In the meantime, there is growing anxiety here that high unemployment rates in the Unit-ed States will inevitably lead to more resistance to Japanese goods and possibly a greater backlash against the Japanese

Japanese government officials and business leaders have been angered by Mr. Reagan's stand on the Soviet natural gas pipeline to Eu-rope, but have said little for fear of sparking even more heated criticism of Japanese trade

"It's been a very popular theme to blame Japanese exports to the U.S. for widespread layoffs," said a senior official who asked that he not be identified. "We are very much worth of the said of the ried that this will strengthen the negative image of Japan" in the United States.

In the recent election campaigns in the United States, calls by former Vice President Walter F. Mondale and others for protectionist legislation have churned up strong feelings among the Japanese, who have read press accounts of incidents such as the bashing of Japanese cars by unemployed auto workers in Detroit.

Frankly, Japanese are sick and tired of Reagan tactics toward Japan and Europe," said a senior political writer for a major Japa-nese newspaper. "We want somebody who'll sit down calmly and talk rationally about the is-sues of trade and defense.

"You pick up the paper here and practically every day it's full of demands," the writer said. from American officials for Japan to move faster to shoulder a greater military spending burden or to open its markets more widely.

The Japanese really want to see Reagan put forward a more reasonable foreign policy, especially toward Japan," said a specialist on U.S. affairs. However, he said, American officials recently "have been high-handed and arrogant and shown no willingness to listen to

# Prevails in Israel

JERUSALEM - Preoccupied with events in Lebanon and the aftermath of the massacre of Palestinians in West Beirut, Israel seems to have barely noticed the approach of the con-gressional elections in the United States. The Israeli press has paid scant attention to

the American political scene, and a veteran observer of such matters says he cannot recall a U.S. election that attracted less notice here. The lack of interest partly stems from the introspection that has followed months of tur-

moil in Israel and Lebanon. It is also due, however, to the nature of the U.S.-Israeli relation-That relationship was summed up by a sen-

ior government official: "My favorite American president is always the present one. My favorite American Congress is always the present one, because that is who we have to deal

Off-year elections, an Israeli remarked, can provide an interesting gauge of a president's popularity and "the mood of the United States." It can also yield useful clues about

what direction the presidential election cam-paign will take two years hence, he said. But foreign policy is seldom a major factor in off-year voting except in isolated congressional races, he noted.

There are, of course, individual races of more interest than others to Israel. Among them are those involving Senators Henry M. Jackson, Democrat of Washington; Daniel Patrick Moynihan, Democrat of New York, and Howard M. Metzenbaum, Democrat of Ohio, all strong supporters of Israel.

But whatever the overall results, the election

is not likely to have much immediate impact on Israel, officials say. Despite the recent strains between Washing-

ton and Jerusalem, Mr. Reagan continues to be seen as a basically pro-Israel chief executive. And Israelis seem reassured by the administration's pledges to continue economic and military aid and to maintain good relations despite the differences growing out of the war in

The major issue between the two countries is the president's peace initiative. The Israelis hope it will fade into obscurity but expect the administration to continue to push it regardless of the election outcome.

#### A Lack of Interest Little Importance Attached by Arabs

CAIRO — Arab countries generally have not paid much attention to the U.S. elections because they are not seen as very important to U.S. foreign policy in the Mideast.

There has been little if any commentary in

the Egyptian or other Arab press. However, the question of whether President Reagan intends to "stay the course" as regards his Sept. 1 initiative is very much on the minds of Arab gov-

It is now generally realized that the United States is the last remaining hope for stopping Israeli annexation of the West Bank and get-

ting Israel out of Lebanon.
The stream of Arab leaders to Washington, which has already begun with the delegation of King Hassan II of Morocco and President Amin Gemayel of Lebanon and is to continue Gemayel of Lebanon and is to continue with King Hussein of Jordan and possibly President Hosni Mubarak of Egypt, is symbol-ic of the "all eyes on Washington" artitude of the Arab world now.

Arab leaders have gone out of their way not to antagonize the Reagan administration, first by not criticizing Mr. Reagan's initiative and even noting its "positive aspects" and second by avoiding expulsion of Israel from the United Notices. ed Nations.

The thrust of Arab strategy now is to woo the United States away from Israel, to appear as moderate and reasonable as possible in hopes Mr. Reagan will put pressure on Prime Minister Menachem Begin. This attitude of hope in regards Mr. Reagan is mixed, however, with underlying doubts about his will to really push Israel as hard as Arabs believe will be necessary to get it to trade land for peace.

Added to this are persisting doubts about the worth of U.S. guarantees to Arabs over control of Israeli actions following the Israeli invasion of West Beirut and the slaughter of Palestinians. Arabs generally feel Israeli action in West Beirut was precisely intended to undermine the Reagan initiative and discredit Mr. Reagan in eyes of the Arab world.

If Mr. Reagan succeeds now in getting Israel out of Lebanon the way he got the Israelis out of Beirut and its airport, the Arab faith in Mr. Reagan's determination and persistence will increase enormously. If not, his credibility will be very much on the line.

#### S. Americans Pay Slight Attention

BOGOTA - The midterm elections in the United States appear to have attracted little interest from the public or policy-makers in South America.

Public and media interest and comment on the elections have been slight as attention had focused on last week's elections in Spain.

#### Campaign Ignored By Most Africans

NAIROBI - "All we're interested in is the presidential elections," a Kenyan official said when asked about the U.S. congressional elections, a view that probably reflects the opinion of many educated Africans.

"Who knows in Kenya what mid-term congressional elections mean?" he added. There has been no news or editorial coverage of the elections in the Kenyan press, among the more internationally minded of the media in

Africa, Newspapers in Zimbabwe and Zambia

have also ignored the campaign. Moderate African nations, however, gradually have become more critical of the Reagan imistration as the U.S.-led negotiations on removing South-West Africa from South African control to form an independent Namibia

have become stalled. A Kenyan Foreign Ministry official exssed a familiar criticism — failure of the United States to supply greatly increased aid to "There isn't much sophistication for something like this on any level," a U.S. official remarked. One country where public interest in the

U.S. congressional balance has been higher is Chile, where the issue of U.S. human-rights certification and accompanying arms sales has become an important internal theme for both the government and the political opposition But when the U.S. elections are over, South American governments will be waiting with a long list of policy differences.

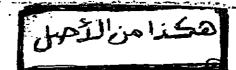
Stummed by U.S. support for Britain in the Falkland Islands conflict with Argentina and staggered by recession, foreign debts, and a slump in international aid, South American leaders have increasingly begun to complain in recent months that Washington has simply ignored their interests.

For the region's governments, the primary issues this year have been economic.

And for them, if the U.S. adheres to present programs, it will mean the continuation of 2 series of much-resented policies: relatively high interest rates and a slump in aid in favor of "private investment" programs that are often

regarded cynically. There is also the perceived lack of adequate U.S. support for international aid organizations when many countries face huge debts. The combination of U.S. policy in the Falk-

lands conflict and the economic tensions has caused several countries to distance themselves from Washington. Among them are Venezuela and Colombia, whose democratic governments and Colombia, whose demonstrate backed U.S policy in El Salvador.



## Oil Price Outlook Appears Uncertain In Post-Surplus Era

By Sally Clubley

ONDON — Despite the stability of the oil markets in recent months, the long-term outlook for oil prices remains uncertain. The continuing lack of cohesion within the Organization of Petroleum Exporting Countries and the increasing importance of the non-OPEC producing countries has altered the supply end of the chain while the recession and energy conservation have reduced demand. Overall, the oil industry of the 1980s bears no relation to that of 20, or even 10 years ago.

Earlier this year, the oil glut was a much-publicized phenomenon, with predictions that OPEC would collapse and crude oil prices would fall to \$25 a barrel. But six months later, oil prices were stabilizing, OPEC was maintaining, more or less, its price and production agreements and the market was returning to a kind of normality.

Now, however, the market is again facing confusion, with no clear outlook beginning to emerge. Much of the reason for this is the long-awaited, but not yet apparent, upturn in oil demand that was widely predicted for the fourth quarter of this year.

There have been some encouraging signs that oil demand is picking up and that prices will firm — West Germany, the United States and Japan all revised their provisional second-quarter consumption figures upwards, contributing to the International Energy Agency decision to predict a fourth-quarter drop in demand of only 4 percent in the fourth quarter. But there are other indicatons that the market has some way to go yet.

Looking, for example, at the futures prices for gas oil in London and heating oil in New York, the expectation seems to be that the price will hold steady through to December-January but will begin to drop significantly after that. The markets are seasonal, with one of the main uses of gas-heating oil being space heating, but, even taking this into account, there seems little confidence among traders using the markets that demand and prices will pick up in the medium term.

Although the recent demand figures in the major industrialized countries have been stabilizing, the severity of the falls in recent years should not be forgotten. The oil industry has to be adjusted to fit a smaller overall picture — and it has not yet come to terms with this.

Gas oil prices, particularly since the opening of the futures markets in New York and London, are a focus of opinion on the oil market. Gas oil is the most widely traded product on the free market, accounting for by far the largest proportion of spot trading on the Rotterdam market. As such it has always been susceptible to market news and views.

The movements of prices on the futures markets give a valuable guide to the opinion of those involved in the oil trade, and as more contracts are introduced they will provide an even better picture. New York already trades a gasoline contract and is planning a crude-oil market, while Chicago plans to introduce heating oil and crude and London is looking at gasoline and fuel oil.

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Some years ago, these markets could not have survived — one that opened in London in the early 1970s failed — because the oil market was to a great extent in the hands of the major oil companies, the Seven Sisters, and, later, OPEC. Only recently oil has begun to behave like a real commodity, proving itself susceptible to supply and demand and failing to provide the absolute hedge against inflation many believed it could do.

Meanwhile, prices are likely to strengthen, or at least remain stable, over the winter months with oil demand at its relative peak and the beginnings of an economic upturn likely in some of the countries hardest hit by the recession.

But the OPEC meeting in December could prove crucial. Since the last full ministerial meeting in July, a number of OPEC countries have bent the terms of the March production agreement to their own advantage. This has had the effect of creating tension between the Gulf states, producers of poorer quality crude, and the African producers of sweet crudes. If OPEC is to bring real stability to the market, it must be seen to be a strong grouping. It now accounts for less than half the free world's oil production and so no longer has the absolute control it had in the

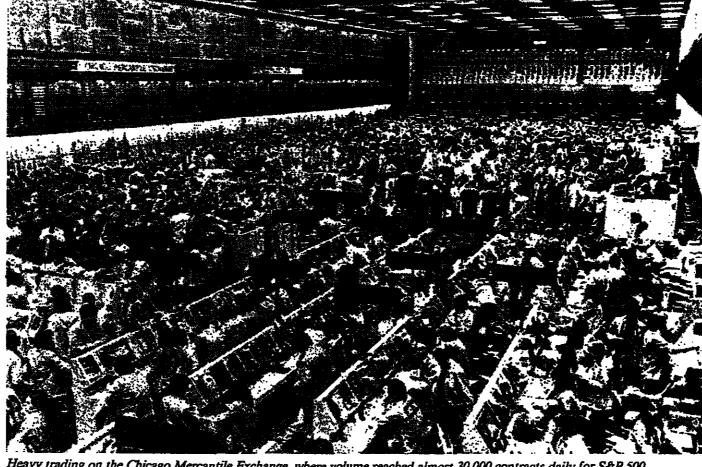
Oil product prices, once led by crude, now have an increasing influence on the crude price — oil refining has only recently become profitable again after several years of unprofitability. The introduction of crackers and other upgrading facilities and the gradual rationalization of capacity, have been the major factors behind this recovery. With memories of hard times still fresh in their minds, refiners are likely to fright hard to maintain profitability. This is likely to bring some stabilization into the market, but the refiners can, of course, only control supply.

Another major feature of the market recently has been the strength of the dollar, which makes oil products more expensive than ever in most of the consuming nations. Exchange rates are likely to continue to exert a strong influence on the market and throw yet another unknown into the equation.

Looking still further ahead, the possibility of a shortage of crude at some time in the future should not be forgotten. The rise in oil consumption in the developing countries combined with projected growth rates for the industrialized nations have contributed to the IEA's recent warning that a new oil crisis could develop in the 1990s — a warning that should not be ignored in long-term estimates.

Thus, the outlook is uncertain, with all the factors mentioned above likely to exert an influence. Futures market prices for next spring underline the lack of confidence felt by the industry about an upturn in prices, but there are signs that some sort of stability might return.

Sally Clubley is a research analyst specializing in oil markets at Premier Man Ltd. London.



Heavy trading on the Chicago Mercantile Exchange, where volume reached almost 30,000 contracts daily for S&P 500 futures during the stock market boom in August and October.

## Gold Prices Expected to Remain Steady

By Edwin Arnold

L ONDON — The bear market for gold is now over but that is not the same as saying we are in a superbull market. I am not a \$700-an-ounce-plus in the next 12 months superbull. Indeed, I would be very surprised to see anything remotely superbullish about gold's performance over the next year or so. In number terms I am saying that if gold averages \$550 an ounce in the fourth or fifth quarter from now I will be very surprised.

In the third quarter of 1982 gold

In the third quarter of 1982 gold averaged \$380, and this included the spectacular \$100 gain in the first week of September, which in turn was a product of the locals in New York and Chicago running out Middle Eastern short positions, probably totaling about 2 million ounces on the futures markets.

One can be a superbull if one

 Galloping double-digit inflation is just around the corner in the United States due to the Fed's new accommodating stance.

 Debt defaults by major countries and corporations will lead to major bank failures or the wholesale printing of money to prop up the hanking system

the banking system.

• Interest rates in the United States and in major economics of the Organization for Economic Cooperation and Development will go to negative levels for substantial periods of time in the hope

stantial periods of time in the hope of stimulating strong economic recovery.

There will be an oil price ex-

plosion that will fuel a new bout of worldwide inflation.

Corporate and private lenders of money will no longer expect a

• A return to a fundamental Islamic view of life as witnessed in Iran breaks out in Saudi Arabia or the Gulf states

These six reasons and variations upon them are the arguments used by the superbulls who see life in black and white, whereas reality is more often 100 shades of grey.

I certainly do not share the superbull view on double digit inflation around the corner. If the Fed overshoots its targets by too much too soon then it rekindles the inflationary psychology that the Fed is at such pains to stamp out. Interest rate fundamentals are based in the end not only on the underlying rate of inflation but also on inflationary expectations. I fail to see how a U.S. government with such huge budget deficits to finance can allow interest rates to fall to unrealistic and negative levels or to allow a psychology to grow anew that believes negative levels are

In fiscal 1983 the regular U.S. budget deficit is expected to be in a range of \$130 billion to \$145 billion and with off-budget agencies included, in the range of \$145 billion to \$160 billion. That should keep rates fairly high. If there is a strong recovery in the private sector we could see higher rates. But either way it seems a safe bet that the Fed will not drop its underlying concern about inflation and inflationary expectations. The lenders of the world are no longer

that gullible.

Equally, I fear that the world is in for a fairly long period of low economic growth with low inflation rates. This should be conducive to a bull market in government bonds and good corporate paper but not for gold, which earns no interest.

It is also difficult to reconcile the fear of double-digit inflation being quickly rekindled in the United States when industrial capacity utilization is at an extremely depressed 70 percent and unemployment at 10 percent. With U.S. inflation probably running at around 5.5 percent to 6 percent annually for 1982, the fear seems grossly exaggerated to me. As for major defaults with countries such as Mexico or failures of major banks or, indeed, the entire international banking system. I can only answer that I do not think it

will happen.
The crisis will be contained, I believe, with the cracks being (Continued on Page 11S)

Edwin Arnold is a metals specialst at Merrill Lynch International.

#### **Gold Price and Supply Statistics**

	Gold Price	Output	Sales	% of Mine	Sales
	\$ez.	(000 oz.)	(000 oz.)	Output	(000 oz)
1974	159	24387	3204	13	
1975	161	22765	4804	21	1254
1976	125	22778	3004	13	780
1977 1978	1 <i>47</i> 193	22408 22667	3331	15	6030
1979	306	22613	6012 4941	27 22	9964 17208
1980	615	21669	3143	15	2220
1981	460	21117	3560	17	2220
1982 Est	370	21250	4000	19	0
i 702 LSI	3/0	21230	4000	17	U
1981					
1st Quarter		5234	950	18	Ō
2nd Quarte		5299	443	. 8	Ō
3rd Quarte		5357	1071	20	0
4th Quarter	420	5227	1096	21	0
January	558	1728	. 284	17	0
February	500	1 <i>7</i> 25	321	19	0
March	499	1 <i>7</i> 81	345	19	0
April	496	1756	123	7	0
May	480	1744	133	6	0
June	461	1799	207	12	0
July	409	1788	447	25	0
August	410	1795	408	22	0
Saptember	444	177,4	216	12	0
October	438	1816	329	18	0
November December	413 410	1711 1640	407	23 22	0
Pecember	410	. 1040	360	22	0
1982					
Jenuary	384	1683	380	23	0
February	375	1707	308	18	0
March April	333 350	1707 1763	664 143	39	0
Арпі Мау	334	1758	143	8 8	0
June	33 <del>4</del> 315	1850	206	11	Ö
July	338	1835	147	11	0
August	364	1838	62	3	ŏ
September	438	N,A,	. N.A.	N.A.	ŏ
Ist Quarter	363	<i>5</i> 113	1352	26	0
2nd Quarte		5113 5371	490	. 9	Ö
3rd Quarter		N.A.	N.A.	N.A.	ŏ
		i tarta	Horto	1454	
(1838—Aug. 5 Source: T.C. Co	.A. Mine Output combs & Co.	1	,		

## Money Markets Geared for Boom In Futures Trading

By Jerome Idaszak

CHICAGO — It may seem odd that it took U.S. futures exchanges more than 100 years to "discover" money, but that discovery is even less revolutionary than the one that is propelling the industry's growth now — the discovery of each

growth now—the discovery of eash.

The first discovery was made in 1972 when the Chicago Mercantile Exchange took commodity futures trading beyond agriculture into the world of the Swiss franc, the German mark and other foreign currencies. Five years later came futures pegged to movements of interest rates, and quickly everyone began talking about money as the ultimate commodity. The single biggest contract on any futures exchange continues to be Treasury bond futures on the Chicago Board of Trade. Contracts worth 58 billion in underlying Treasury bonds change hands on an average day. Futures trading, which had been limited to farm commodities and farm-related businesses, now attracts the Wall Street establishment of Salomon Brothers, Goldman, Sachs & Co. and other old-line financial

In the business of futures trading, however, yesterday's success fades as quickly as an old newspaper. Everyone keeps their eyes on what to do next, especially industry leaders such as Leo Melamed, former chairman of the Chicago Mercantile Exchange, who is credited with leading the path into financial futures.

He said: "The challenge today is to maintain the momentum and to

He said: "The challenge today is to maintain the momentum and to bring the international community to your place of business. There will be 24-hour trading. The challenge is to make sure you're connected, so Europe can use our market during our trading day, and Southeast Asia,

That international linkage has led the Chicago Mercantile Exchange leaders, including Mr. Melamed, to establish an office for its International Monetary Market division in London three years ago and to work closely with the recently-opened London International Financial Futures Exchange to help LIFFE, as it is known, begin smoothly. It has also led the Chicago Merc, as it is known, to create a study group that will work with Singapore officials in 1983 toward the goal of creating a financial futures exchange in that country.

The discovery of money as a basic "commodity" makes the global expansion of futures possible. From foreign currencies and U.S. interest rate instruments such as Treasury bonds and bills, it was a short leap to futures on Eurodollar time deposits. And while the volume of Eurodollar futures has been slow to build, that contract quietly introduced an innovation that paved the way for the big success story of 1982 — futures on took indexes.

What Eurodollar futures, introduced by the Merc in late 1981, did was to allow the buyers and sellers of futures contracts to settle their trades in cash. From their early days, futures contracts, which carry the obligation to deliver or receive an underlying commodity at a fixed price and a fixed date in the future, had discouraged some participants, who blanched at the thought of getting a million bushels of soybeans delivered to their home or others who worried about a squeeze whereby they would be forced to pay high prices to make delivery of a commodity. Now, the trend is toward cash.

Cash settlement made possible the trading in early 1982 of stock index futures. Someone who sold futures on the Standard & Poor's 500 index would not have to worry about delivering one share of 500 different stocks.

As the stock market boomed in August and again in October, the three futures exchanges with trading on indexes saw volume swell. The Chicago Merc reached almost 30,000 contracts daily on its S&P 500 futures. The New York Futures Exchange, which was headed for oblivion until it began futures on the New York Stock Exchange composite index of 1,500 stocks, saw volume running daily at 10,000 contracts and more And the Kansas City Board of Trade saw its futures on the Value Line index of 1,700 stocks offset a slump in the trading of wheat futures. John F. Sandner, chairman of the Chicago Merc, said about the S&P futures, "Our contract has been the most successful new contract in exchange history."

Futures industry officials see even greater potential as the stock index futures develop a longer track record. They see it appealing to money managers who handle portfolios for pension funds, insurance companies and banks. Instead of buying and selling stocks wholesale each quarter, the money managers could use futures trading to diminish the risk of plunging prices, the futures people argue.

They expect that more speculators, who provide liquidity in the futures markets, will be drawn to stock index futures after Congress approves a lowering of the tax rate to a maximum of 32 percent. The industry expects such action by Congress in December.

While most of the trends indicate growth and geographical expansion, there are a few storm clouds. One of those is an effort by U.S. government regulators to lift the veil of secrecy from the identity of foreigners who trade on U.S. exchanges. Some futures leaders say such efforts could drive Europeans to place more business in London than Chicago or New York

The Commodity Futures Trading Commission, the agency that regulates the U.S. industry, approved a rule in September requiring a futures brokerage firm "to provide pertinent market information" if the commission sees the threat of manipulation of a market. One attorney with German clients noted that German law does not mandate the signing of such agreements, and he predicted "a quagmire of lawyers" trying to sort out the law's vagueness.

Richard V. Nathan, a New York attorney and a former trading commission staff chief, said: "Existing law is adequate to protect the mar-(Continued on Page 11S)

Jerome Idaszak is a financial columnist for the Chicago Sun-Times who specializes in options and futures trading.

## Current Stability: The Chances of a Solid Market Upturn

By Justin Aylward

L ONDON — The bull markets experienced by commodities during the 1970s were in large measure associated with the accelerating pace of inflation. Between 1960 and 1970 the Reuters Commodity Index advanced a mere 28 percent. Over the next 10 years commodities took off and the Reuters Index recorded a 207-percent increase.

recorded a 207-percent increase.

There were differences in the timing and circumstances responsible for the bull markets in the individual commodities. Frost in Brazil was the chief factor responsible for the astronomic coffee prices prevailing in 1977. Heavy Soviet purchases caused lead prices to more than double during 1978 and 1979. Nevertheless, the underlying momentum was provided by the apparently inexorable march of inflation and the accommanying preference for tangibles.

and the accompanying preference for tangibles.

With hindsight it can be seen that the rush for tangibles reached its peak at the very moment that such a strategy became obsolete. The speculative blowoff in precious metals at the end of 1979 coincided with the installment of Paul A. Volcker as chairman of the U.S. Federal Reserve and the start of a new era of

monetary austerity.

Initially, the implications of tighter monetary discipline were obscured by the inflationary effects of the second oil shock. Gearing up so as to finance stocks and capital investment seemed appropriate while inflation persisted at near record levels.

Inspired by strong markets, producers had in the meantime been actively engaged in increasing production capacity. The by now well-documented explosion in bank lending was of considerable assistance to them in this respect. Mining companies were able to point to the long-term appreciation in mineral prices as security against their proposed borrowing. Sovereign loans were advanced to developing countries in the belief that they were assured of repayment.

Aluminum, as the "metal of the future," attracted

heavy investment in new plant. Between 1973 and 1980 capacity increased at the rate of 3 percent a year.

Cocoa is another example of the effects of ambitious expansion plans. During the mid-1970s Brazil launched its "PROCACAO" program with the aim of doubling production by 1993. Since 1970 the area planted with cocoa in the Ivory Coast has more than is also handicant.

The inflationary expectations behind this behavior were finally dispelled by the double impact of the oil-induced recession and high interest rates. A yawning gap emerged between rising interest rates and falling inflation. All but the most financially conservative of producers and consumers were left exposed by the growing real rates of return.

The result was a classic end-of-cycle squeeze on commodity prices caught between rising production capability on the one hand and falling activity accompanied by destocking on the other. Since the beginning of 1981 the Reuters Commodity Index has fallen 11 percent. This may not seem all that severe but it must be remembered that the sterling-based index was bolstered by the severe weakness of the pound during this period. Thus the fall in the wider international value of commodities was considerably greater. This is borne out by the contrasting performance of The Economist's dollar-based Commodity Index. Partly because of the dollar's strength, this index fell by more than 30 percent over the same period.

The main purpose of the commodity agreements is to stabilize prices and so minimize the impact of cyclical downturns. The most conspicuously successful has been the International Coffet Organization. This organization enjoyed the important advantage of having all the major producers and consumers as its members. By imposing quota limits on members' exports to fellow members it was able to create a degree of supply tightness in a market that would otherwise

have suffered from the third consecutive year of sur-

Fundamental weaknesses have prevented the other organizations from enjoying the same success. For example, although the International Sugar Organization also uses export quotas, these are set at an unrealistically high level and thus do little to limit supplies. It is also handicapped by the fact that the European Community, the world's most important exporter on the free market, is not a member. The International Cocoa Agreement has suffered in a similar manner, since neither the world's largest producer, the Ivory Coast, nor the world's largest consumer, the United States, are members.

In some cases the apparent powerlessness of the tommodity agreements to alter the course of events has so exasperated the producing countries that they have taken matters into their own hands. The most colorful instance of this occurred when a mystery buying group, reputedly backed by Malaysia, succeeded in forcing the price of tin on the London Metal Exchange up from £6,500 a metric ton to more than £8,500. The success of this operation was short-lived, since prices collapsed once the buying group departed from the market. Malaysia's unilateral decision to limit its rubber exports holds out some promise of a longer-term influence on prices.

The difficulty of maintaining prices in the face of the recession has prompted producers to give consideration to cartels, for example transforming the Inter-Governmental Council of Copper Exporting Countries into an OPEC-style organization. So far though, the Organization of Petroleum Exporting Countries remains the only effective cartel. The organization responded to the March declines in spot prices by agreeing to limit production to 17.5 million barrels a day. Although some members like Iran have been somewhat cavalier in their adherence to the agreed restrictions, the combined effect of the Gulf War and

drastic voluntary production cutbacks on the part of Saudi Arabia have been enough to prevent the cartel from disintegrating.

Moves to improve North-South relations and combat protectionism have been advocated as helping to prevent a recession in world trade. In the event, matters have tended to operate in the opposite direction. World recession has imperiled both causes.

As far as relations with the Third World are concerned, falling commodity prices have brought fundamental differences in attitude to the surface. Producing countries have argued in favor of maintaining prices at a "realistic" level in relation to production costs. The mainly conservative Western governments have argued in favor of letting prices fall to a realistic market level as being the quickest way to restore a balance between supply and demand.

The disputes that have arisen between the United States and Malaysia over the tin and rubber agreements illustrate the gap separating the two points of view. Because of its objection to the introduction of export controls, the United States refused to join the Sixth International Tin Agreement. For its part, Malaysia has repeatedly complained that U.S. sales of stockpile tin are having a disruptive effect on the market.

At the May meeting of the International Rubber Agreement, the consuming countries, led by the United States and the European Community, insisted on a 1 percent downward revision of the buffer stock price range. Producer delegates were incensed, arguing that even before the reduction, current prices did not af-

(Continued on Page 11S)

Justin Aylward is with the Research Department of Commodity Analysis (Brokers) Ltd.

### Long-Term Oversupply Depresses Metals Prices

I rous metals, aluminum, copper, lead, nickel, tin and zinc, are sitting close to their lowest levels since 1978 for some very good reasons: the recession that set in then has continued, usage has fallen, consumer stocks have been liquidated and attempts to curtail production have shown no real effect on prices.

This market is not the result of a minor cyclical movement. It is manifesting the effects, the very early effects, of long-term oversupply. These arose when the highgrowth, consumer-led boom of 1960-1970 prompted a rash of new developments, which are now feeding into a less hungry demand cycle.

Each producer is faced with the same problem: the need to maintain output to sustain high debiservice levels. Some of these debts were incurred at fancy interest rates and with scant equity cover. The problem is compounded by the plight of major metal-producing countries, Mexico, Poland and Brazil among them, developing international liquidity problems, which force them to keep up a full head of production steam when common sense dictates a

throttling-down.

The buck really stops with North America. Private enterprise metal producers cannot expect much in the way of support from their governments when the greater problems of oil and grain surpluses have a bigger impact on both cash flows and employment, so these producers have cut back. The nickel miners of Canada and the copper and aluminum primaries of the United States have, by a combination of short-time working, closures and tolerance of strike action, reduced output in the first seven months of 1982 by 20 percent in copper, 22 percent in aluminum, and measurably in zinc and nickel, over 1981. These cutbacks have had only a minor impact compared to rising market stocks (fed by non-American producers and liquidating consumers) and unbridled output from elsewhere. The imbalance remains and is growing.

The root of this market problem lies in the 1960s when an unprecedented growth in demand led, not

(Continued on Page 10S)

This article was compiled by analysts of the Metals Research Unit of Shearson American Express Ltd.

The second secon

(Continued from Page 9S)

unnaturally, to optimistic forecasts of future consumption. In 1960-1970 alone, copper output in-creased 47 percent, nickel 93 percent and aluminum 127 percent. It prompted miners to prospect, develop and produce on the assumption of these rates continuing. They fell. The output continued although consumption took a severe knock. Between 1977 and 1981, zinc was stagnant, nickel rose less than 2 percent, lead fell 8.5 percent, copper rose 5.5 percent and aluminum was static. The volume of discoveries and developments continued to grow.

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accompanied by a slowdown in development, occurs. The former is unlikely until well into 1983 at the Aluminum has found new markets earliest, and the latter may prove to be a political impossibility; or · Capacity is deliberately re-

moved on a permanent basis. The impetus would have to come from the major producing countries. With the exception of the United States, these are mostly dependent on mineral exports for their economic survival and will be unlikely to act without financial induce-The increased use of commodity

futures and the floating and tradability of currencies and interest rates have guaranteed that volatility will be a permanent feature of the metals markets. This will create short-term upward price panics, but will not establish a permanent base for recovery. A slow process of attrition may occur in the producer sector, but even this will produce price benefits only if consumption improves. Most economic forecasters are now uncertain about any form of sustained recov-

In spife of being the largest volume nonferrous metal, aluminum is still strongly attached to the producer price. The success of the London Metal Exchange contract, launched in 1978, has given a fillip to the free-market merchant trade and provided an outlet for the growing band of new producers who have no formal affiliations with the major primary refiners. The London Metal Exchange/merchant price countes to about \$950 to \$1,000 a metric ton, some 40 percent below the official U.S. price. It indicates the depth of the surplus, a condition confirmed by the near-collapse of scrap prices.

What caused the rot? The extreme growth trend — 8.5 percent a year in 1960-1970 — prompted the major expansion of refinery ca-

the world, traditional and new. in both consumer and capital sectors, both of which reacted rapidly when recession began to bite in ducing areas have either stabilized or reduced output temporarily,

new centers have pressed on. Australia has slowed a little in its ambition to reach two million metric tons (2.2 million short tons) a year during the 1980s while Ja-pan has decided to curtail primary output radically on fuel-cost con-siderations. Primary aluminum is the most energy-hungry of the major metals and a combination of high costs and low prices has hit the producers hard.

The outlook is technically sound, but, as with copper, there re more than adequate sources established, developing and prospective, to satisfy economic recovery. The price outlook remains weak throughout 1983. Prospects of a recovery, perhaps a sharp one price-wise, are dependent on continuing restraint in production, Australia slowing its expansion plans and a recovery in the consumer sector.

The London Metal Exchange cash average of £833 a metric ton (about 64 cents a pound) for the first nine months of 1982 is the lowest since 1978. Market-related peaks have pushed it to £1,375 in 1980 and £1,036 in 1981, but the firmly held in by an immovable level of commercial stocks, a maintained volume of secondary recovery and a low level of consumption, thus nullifying sporadic attempts to curtail primary output.

The deterioration in 1980-1981 is apparent, with refined output rising at 25,000 metric tons a its co-product, to a £281 low in month, while consumption in-creased by only 12,000 metric tons have moved in the 23 cents to 32

pacity in many producing parts of a month. The correction in 1982 is heartening, but the months ahead will prove a major test. Degrees of restraint in output have varied considerably.

> The fall in the United States, a third from its February 1982 peak. has had a stabilizing effect, aug-mented by strikes and cutbacks in Canada. The price paid by the companies concerned has been heavy and there has so far been no compensating price increase. The North American companies will be forced to decide shortly whether to finance continued operating losses or to return to work in what will be at best a breakdown situation. There is little likelihood of the other listed producers showing similar restraint.

The technical outlook for the

metal remains sound. There is some market erosion by fiber op-tics in the field of micro and short distance communication, but this is largely in the growth market area. Of larger concern is the de-termination of Chile and the Philippines to continue to expand at a serious rate. Australia has several major copper and by-product developments under way and Papua New Guinea has the Bougainvillesized OK Tedi deposit. Peru, Bolivia and Brazil are also expansion contenders. A question being seri-ously debated is whether the United States will begin to phase itself out of copper production in view of the increasing nonstrategic profile of the metal and high domestic

The first nine months of 1982 have seen a London Metal Exchange cash average of £320 a metric ton, the lowest since 1976. It peaked in 1982 at £372.5 in January and then slid down with zinc.

production costs.

as the market leader.

Lead consumption in the form of batteries, gasoline additives and solders depends heavily on the automobile industry and total Western world usage fell 3.5 percent in January to July. The underlying trend is toward lighter, smaller cars with long-life, maintenance free batteries reducing the weight of lead per vehicle. However, lead mined output is up 10 percent with increases seen in Australia and particularly the United States, where Missouri producers have been capitalizing on their high grade ores. Refined production is slightly down and stocks of lead concentrates have risen to match.

Eighty percent of world lead output is currently sold at a loss and the secondary sector, which provides 40 percent of the total, has been hit hardest. Supplies of lead scrap remain tight with dealers disinclined to collect at low prices, and the U.S. secondary industry is operating at only half capacity. A succession of harsh winters and a rise in disposable income levels are needed to help lead

out of the doldrums. The London Metal Exchange cash average of £2,935 a metric ton (about \$2.26 a pound) for the first nine mouths of 1982 is only £15 below the 1981 average. However, U.S. producer prices have re-mained at \$3.29 a pound for the past year, unrealistically above free-market prices, which even in nominal terms are the lowest since early 1979. Nickel has had a hard 10 years, twice hit by oil crises and

then again by the recession. Almost every Western producer has made harsh cutbacks, particularly those mining the energy-hungry lateritic ores in New Caledonia, the Dominican Repubhave shut major operations for nearly six months. Despite this drastic action the combined inventories of the two companies total 71,000 metric tons, 14 percent of 1981 Western mined output. Nickei consumption is heavily dependent on the stainless and alloy steel market, which has suffered badly from stagnation in the manufacturing sectors of nations of the Organization for Economic Coopera-

Meanwhile, Eastern bloc nickel production is rising to reach 35 percent of world output by 1985. Confidence in the London Metal Exchange contract is low, largely due to the attitudes of major producers who prefer private price discounting. We expect nickel to remain in a £2,200 to £2,500 price band in the sbort term and in fundamental oversupply for the next three years.

tion and Development

Following the market manipula-tion of 1979-1980, silver has fallen back into its subordinate role to gold. Its price ratio to gold has also widened from a traditional 25to-1 to 35-to-1 range to a 40-to-1 to 60-to-1 band. The cash price subsided below 350 pence an ounce before recovering with gold to above 500 pence. The rate of increase of mine production has slowed recently, but this is a minor factor in market price levels. Both Poland and Mexico have further output ambitions and may be forced to adhere to these to maintain a flow of foreign exchange.

End-use changes have now slowed. Photography remains the majority user in spite of repeated claims of substitute materials. Coinage recycling has dried up, but commemoratives, jewelry and electronics remain strong. The outlook is that silver will remain sub-

some of the lowest production cost nickel sulphide ores in Canada. ordinate to gold in the higher discount band, 40-to-1 to 50-to-1, but could easily narrow into the lower end, i.e. 40-to-1, if gold strengthens, Mined supplies will be threatened if the recession cuts further into copper, lead and zinc demand, where silver is a by-prod-

> Tin has now settled into a £7,200 to £7,500 a metric ton trading band after 12 months-of price gyrations following the well-publicized market manipulation of 1981-1982. Prices on the Penang physical market in Malaysia have been stabilized in the range of 29.15 to 30 Malaysian dollars a kilo. Tin is the only commodity to have been successfully controlled by an international agreement be-tween producers and consumers. effective since 1956. The sixth such agreement came into force on July 1982, with tin export controls of 36 percent to apply to producing members over the last half of 1982 and beyond, to try to revitalize the fundamentals of a market sagging under the weight of oversupply. Commercial stocks of tin total 75,000 metric tons, 38 percent of world annual output, and the United States has committed itself to a three-year program to dispose of a maximum 30,000 metric tons

There is an unusually wide separation of interests in tin, with over 75 percent of mined output in Malaysia, Thailand, Indonesia and Bolivia, but 65 percent of consumption centered in the United States, Japan and the European Community. It is an area ripe for North-South confrontation.

tin surplus from its strategic stock-

The recession and the price panics of February 1982 have undermined tin consumption, particularly in the price-sensitive packaging sector, with total Western usage

The Buffer Stock Manager will continue to work hard to support London Metal Exchange and Penang prices, but we expect him to succeed in putting some confidence back into this battered mar-

The London Metal Exchange cash average of £424 a metric ton-(about 33 cents a pound) for the first nine months of 1982 is only £5 below the 1981 average and well above every amusi average except for 1974; an anomalous year. Zinc. saw a market-exaggerated concentrates squeeze in February 1982 in concert with gold to a £418.5 low in June. U.S. producer prices; have remained above London Meral Exchange levels in a broad band of 33 cents to 42 cents, with offi-cial producer prices elsewhere down from \$950 a metric ton in-January to \$800 to \$850 now.

Consumer interest for zinc's traditional uses in galvanizing steel cast components for automo-biles and bronzes and brasses remains low with Western World usage down 6 percent in January to July. The United States has borne the brunt, with consumption down 25 percent. Mined production rose 4 percent, although refined zinc output fell 6 percent, showing re-straint on the part of North American and European smelters and leaving the miners with mounting concentrate stocks.

The outlook is gloomy as prothe outlook is gloomy as producers struggle to retain their markets and EC smelters aim to finance closures of 10 percent of current capacity. Their efforts have been sabotaged by the eager efforts of Third World producers. particularly in Mexico and Peru, as: well as the marked downturn in the construction and transports-

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# World Price Decline Worries Soft-Commodity Produçers

By T. Robinson

¶ ONDON — The steady decline in the prices of coffee, cocoa, sugar and rubber in recent years has led to difficulties in many countries that depend on exports of these commodities for their foreign exchange earnings.

The fall in prices can often be traced to declining consumption, either as a result of the world recession or as a result of artificial pricing mechanisms in certain countries. This has been exacerbated by the fact that the same artificial mechanisms often encourage production at levels in excess of. what would normally be undertak-

The resultant excess of supplies has served, despite the intervention of international price-stabilization agreements, to-keep soft commodiprices on the defensive since 1979-1980. In the case of sugar, its ready availability has caused the price to break through the support national Sugar Agreement. Prices are now below half of the minimum support price of 13 cents a

The Cocoa and Rubber Agreements are experiencing some disarray as members decide on futures

of Wolff & Co. Limsted.

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Agreement is currently controlling the market in a very effective manner. Neverthless, it is believed that the seeds of its demise may already have been sown. It is against this background that any analysis of the soft commodity markets in the 1980s must be placed. The sugar price has exhibited

fluctuations during the 20th century following its own basic economic cycle, which is now close to a low point. Despite the fact that most countries in the world contribute to world production of more than 90 million metric tons (9.9 million short tons), only some 15 million metric tons of sugar is traded on the world market on a regular basis. Hence, analyses of future prices for sugar must address themselves to the factors affecting this "free market." Demand in the free market has

declined recently because of reces-

the decision of the United States to impose quotas on imports of sugar adversely affected the market at a time when many producers were hoping to increase their exports to that country. Alternative sweeteners, based on maize, are

mechanisms for controlling the likely to maintain their share of market. In contrast, the Coffee the sweetener market. On the production side of the equation, controls on exports by members of the International Sugar Agreement have to some extent limited supplies, but at the cost of large stockpiles of sugar in those countries.

The outlook for the future price of sugar rests on finding a solution to the above problems. Shortfalls in projected oil revenues have affected many countries' trade balances. Consumption in developing countries is unlikely to increase as rapidly as it did as a result of the low prices in the mid-1970s, because of their debt problems. In the developed world, too few countries are paying world prices for sugar because of the abundance of duties and tariffs imposed to protect the price for domestic farmers. Thus prices to the consumer are still high, keeping consumption increases low. Decreases in consumption are foresionary problems around the cast for many developed countries in the coming season.

Meanwhile, production, fostered by the high prices paid to farmers by many countries, will continue its upward trend. Certainly several more years of surplus are ahead of the sugar market unless consumption can be encouraged in the two

large "dark horses," the Soviet Un-ion and China. Even so, world stocks are now very high and it is feared that it would take either a severe crop disaster or several years of lower production to get prices back to the minimum level of the International Sugar Agree-

In contrast, the cocoa market appears to be heading for its first production deficit since the 1976-1977 season. The major production problem lies with the third largest producer, Ghana, where a steady deterioration in the cocoagrowing economy since the mid-1960s has led to progressively smaller crops. Although demand is expected to-

increase slightly in the next few years, the main center of interest in the cocoa market is the International Cocoa Agreement. Apart from a buffer stock of 100,000 metric tons already built up under the agreement, a loan of \$75 milsortium of Brazilian banks in order to increase the buffer stock. At present prices, less than 40,000 metric tons could be purchased with this loan. This will make only a small dent in world stocks, which are estimated at close to 700,000 metric tons, equivalent to more than five months usage. Neverthless, the existence of this potential support operation is keeping prices higher than would normally be expected given such large stocks.

A small deficit in the current season will ease the problems of the continued buildup of world stocks, but it is felt that as supplies are not remotely as tight as in the last bull market in 1978, any major move will be downward if the individual members of the agreement start openly to break its rules, or if future surpluses appear. Overall, the short-term outlook for cocoa is for a quiet market, trading within a fairly narrow range. In the longer term the presence of the current large stockpile is likely to depress the price despite the efforts of the International Cocoa Agreement.

Frost is a major factor in the coffee market. Whenever frosts have occurred in Brazil, the potential decrease in supplies has caused major increases in world prices.

market has been such that nowadays the market price can be very volatile during the critical months on the fear of frost alone. Coffee is still in the throes of a

bear market that started in 1979. The strength of the market in recent months contrasts with this trend. This strength has centered on the controlling influence of the International Coffee Agreement, which tries to limit price movements to within the band of 120 cents to 140 cents a pound based on an "indicator price." At recent negotiations a maxi-

mum world export quota was set at 56 million bags, split equally into four calendar quarters, begin-ning Oct. 1, 1982. Some analysts feel that not only is this up to two million bags too large, but that its equal division will create a tight market in the first two quarters followed by excess supplies in the lion has been obtained from a con-second half-year. This roller-coaster method of controlling the world price did, however, work during 1981-1982 and may well be successful again in the current season.

> Coffee is now entering another period when excessive stocks are being built up. Ironically, this is to the benefit of nonmembers of the agreement. Importing members of the International Coffee Agreement have to pay the agreement's high price for coffee, but nonmember importers can take advantage of present high stock levels to demand a price reduction. A twotier market has thus been created with nonmembers buying coffee at about half price.

Unless the agreement controls quotas tightly within a quarter, there is a risk that it will be unable to maintain prices above the mini-mum level through the middle of 1983. Further, there is the danger that if the price falls below this minimum level, members will pur-sue individualistic policies with regard to world sales, which may result in a major fall in prices.

Rubber is unlike the previous three soft commodities as it responds very closely to the world recession. The motor industry is its largest consumer, via tires and tub-

ing, and this has been one of the. worst affected areas in recent years. Activity on the markets in Loudon and the Far East has been, reduced to a bare minimum and price fluctuations are small. Although production and consumption have traditionally moved closely together, this has not been the case recently.

The International Rubber Agreement's Buffer Stock Manager has now purchased more than 200,000 metric tons, but there have been proposals by some Far East." ern countries to set up their own buffer stock of another 350,000 metric tons. Malaysia was the major force in this plan, but In-donesia and Thailand were unwilling to implement it.

The International Rubber Agreement has been successful in intaining higher prices than would have been expected on fundamental grounds alone. However, downward revisions in Chinese demand, coupled with a continued bleak outlook for the automobile industry around the world, mean that there is little prospect for higher prices in the rubber market in the near term.

In summary, the outlook for the four commodities is for prices to remain at present levels or become depressed even further. There is the possibility, indeed likelihood, minor upward movements at regular intervals as rumors circulate of major buyers entering the market. Neverthless, the ready availability of supplies should promptly fill the potential de-

As in many other industries a concerted move by the world's economies will help the commodity markets to move higher. In the short term, however, the opportunities for higher prices appear strictly limited. This in turn implies that the prospect of many developing countries experiencing an improvement in their believe of improvement in their balance of payments problems is slight.

T. Robinson is Head of Commodity Research, E.D. & F. Man Ltd.



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## Erosion of Grain Prices Expected

By Terence C. Bird

March Land to the state of the ONDON — There is little prospect of a bull market developing in grains. Prices will probably erode further through the winter months. U.S. support measures for corn and wheat are grossly inade-Metal In quate for the current crops as many farmers are melithe of the holds gible for participation. American soybean farmers on the other hand should benefit more from the support program, but here again a sustained bull market appears unlikely.

The Soviet Union is, as always, a major factor in world supply and demand for grains. It has just suffered another disastrous crop. Moscow rarely makes poor grain production figures public. However, favorable weather recently has probably increased the crop size to a level above the current U.S. Department of Agriculture's estimate of 170 million metric tons (187 to a strong of the strong of t million short tons). The department's estimate of a Soviet import requirement of 40 million metric tons is guesswork. It is difficult to assess how much a country needs when you do not know how much the country started with, produced or can afford.

Although President Ronald Reagan has offered to sell the Soviet Union 23 million tons of grain, the Russians have not forgotten former President Jimmy Carter's ill-fated grain embargo against the Soviet Union. As a result, the Russians have been shunning and the state of t the U.S. grain market. Moreover, other countries have boistered production to levels that accommodate the bulk of the substantial Soviet import requirement.

This puts U.S. producers in a difficult bargaining position as they are currently harvesting bumper crops.

The Russians are very experienced and extremely

clever grain buyers. If the steady erosion of U.S. grain prices continues, it is conceivable that we will see a Soviet buying spree at bargain prices. The Russians need to rebuild their dwindling stocks, which have

been reduced by the recent poor harvests. However, this is no great consolation for U.S. producers in the

Canada, which is also reaping bumper crops, has recently concluded a sale of 7.6 million metric tons of grain to the Soviet Union. This sale exceeds the amount called for under the Canadian-Soviet longterm agreement. It nearly equals the total amount sold last year.

France has recently sold more than 500,000 metric tons of wheat to the Soviet Union. It is very likely that further sales will take place and a long-term France-Soviet Union grain agreement is almost a foregone conclusion.

The United States has, at least for the moment, lost its biggest grain export market. It is likely that the Soviet Union will try to squeeze U.S. suppliers. Before making purchases above the 6 million metric ton minimum requirements under the recently extended U.S.-Soviet grain agreement, the Russians will probably demand lower prices, favorable credit arrangements and guaranteed delivery. In any event, purchases in excess of the minimum are unlikely until the Russians have an idea of the size of their 1983-1984

There is no reason why the Soviet Union should negotiate a new long-term agreement with the United. States, although it will probably do so for political reasons. In any case, U.S. grain producers wil be left with a large proportion of the world's carryover stocks. The Russians will probably keep their options open. A further extension of the agreement is likely if the Soviet foreign exchange position improves.

Terence C. Bird is a grains specialist at E.F. Hutton,

## Chances of a Solid Market Upturn

(Continued from Page 9S)

ford an adequate return to the thousands of smallholders producing rubber. Despite the continuing impact of the recession, there has been a perceptible improvement in market sentiment in recent months. Several factors are be-

The lowering of U.S. interest rates has dampened investors' enthusiasm for cash deposits. Furthermore, there is growing concern that a banking crisis will arise as a result of debt problems around the world. High grade bonds have been the prime beneficiaries of the resulting "flight to quality," since they offer security of repayment and a stable income.

Other markets have benefited from the concern for quality. Tangibles have enjoyed something of a return to favor since they constitute assets that are not some-one else's habilities. Among commodities, precious metals have experienced the best rallies because of their traditional monetary role.

There are also some signs that the cyclical pressures on prices are beginning to ease. Consumer destocking

is thought to have nearly run its course, partly be-cause falling interest rates are lowering stockholding costs. Also, processors have seen their margins im-proved by the falling cost of raw materials. They are under increasing pressure to protect these margins ei-ther by increasing stocks or by making forward pur-

The other side of the coin is that falling prices have affected production levels. This process has been most pronounced among Western producers of base metals. By June this year, U.S. production of copper ore, for example, was down 38 percent from the level a year ago. Japan, because of its dependence on expensive energy imports, has made a strategic decision to substitute a large proportion of its refined aluminum production with purchases from abroad.

Whether these hopeful omens will develop into a solid market upturn is still open to question. There will need to be evidence of either a sustained increase in industrial activity or of a return to rising inflation before the current steadiness of the markets looks

#### Money Markets Geared for Futures Boom

(Continued from Page 9S)

kets. At best, the new law is redundant. At worst, it will invite derision by foreign traders." John Gaine, a Washington attorney who is also a former commission staffer, said: "I've talked to people in England, France and Germany. The concept of a broker giving out the name of a customer is alien to them. They fear the information could find its way to the Internal Revenue Service or the Central Intelligence Agency." But Mr. Gaine thinks the new commission rule will

the trend started by the August 31 agreement between the Securities and Exchange Commission and the Swiss government to disclose certain information to U.S. regulators who have evidence of market manipulation or other trading abuses. The SEC policy does not affect futures trading, but Mr. Gaine thinks a similar agreement will be a goal for the trading com-

Apart from such regulatory clouds, futures industry leaders see no impediment to growth. In Chicago and New York, they see London's financial exchange as

#### Gold Prices Expected to Stay Steady

(Communed from Page 9S)

papered over while a durable solution is sought. What this solution will be I do not know. but I feel it must involve a reconstruction of long-term debt and some painful write-offs. The effect of this will tend to lower world growth rates by making both borrowers and lenders more cautious and keep interest rates at real levels and inflation down.

Central bankers are certainly aware of the problems. The Bank for International Settlements estimated earlier this year that about \$200 billion of loans were of doubtful or dubious quality. A central bank associate who attended a recent BIS meeting put it rather well when he reiterated that the mood of the central bankers was that international banking was "too important to be left to

As for an oil price explosion, I could simply point to the present world supply situation; underutilization of capacity in many producing countries and the less-than-robust economic outlook for the OECD area in 1983. Also of interest is the fact that, compared with 1973, OECD economies on average now use about 16 percent less energy per unit of gross national product and about 26 percent less oil.

To conclude, it is worth reemphasizing that gold has to compete with other monetary assets and investments. The much talked about "flight to quality" has included some gold buying, but it has princi-pally consisted of money going into U.S. government bonds, corporate paper or just plain dollars on deposit. I still see gold having to compete against the stronger attractions of real returns over the next year or so and I do not see a situation during that time in which investment demand for gold heavily outweighs the supply of new-mined gold.

This is not to say that gold will not be a good trading market over the coming year. It should be. Futures markets often turn over 40 to 45 times the annual supply of new-mined gold. There are lots of bear and bull points that can be talked about endlessly to clients. And lots of money to be made and lost. But I am still not a super-

## Gold Futures: The Six-Month Mark

By Peter Grange

QUESTION: Do big, empty houses scare you?" Answer: "Not me. I used to trade London gold futures."

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And that, with apologies to Bob Hope's gag about the years he spent in vaudeville, could have been the response of some members of the London Gold Futures Market during its

first six months of trading.

The market opened last April amid fanfares and publicity. The idea was to cash in on the boom in gold futures in the United States, using London's geographical advantage as the link between Far Eastern centers and the big markets in New York and Chicago.

Speculators in gold futures need only put up a small part, normally 10 percent, of the total value of a contract to buy or sell 100 oz. of fine gold (current cost around \$45,000). in order to participate cheaply in the most glamorous and volatile market of them all. Those who read the market correctly, or who are simply lucky. can make a lot of money. On the other hand, if they get it wrong the leverage works against

As the only market in gold futures in the European time zone, London was hoping to attract the big players from the Middle East and Switzerland. So far it has been notably unsuccessful and there now appears to be a crisis of morale among its members.

Bad enough that the international specula-

tors have stayed away in droves, but when the £55,000-a-seat members start wandering off, maybe references to vaudeville are not too remote. The market committee felt obliged to announce recently that any member-company failing to maintain a presence on the trading floor would, after three warnings, face a fine of

This highly unusual stricture will no doubt put what London's theater managers refer to as "burns on seats." It also indicates a splen-didly authoritative lack of confidence in the other steps taken to try to raise the level of activity on the London market. The committee has also proposed the lifting of a three-year ban on the sale of seats; several members are thought to be less than enchanted with the London market, although it is fair to say that some of the smaller ones were probably out of their depth from the outset.

But the main reason for the disastrously low-level of interest was the decision to trade a sterling contract. That decision was set aside only a few weeks ago when the 49-strong mem-bership voted unanimously for a dollar contract. Whether or not the change to dollar prices will of itself be sufficient to revive the market is now the one-sixth-of-an-ounce, dollar-

priced question. Paul O'Hanlon, executive director of Citifutures Ltd., a subsidiary of Citicorp, New York, said: "If the market can sustain a volume of 1,500 contracts a day then there is some hope. But we would have to see around 2,500 a day before anyone could claim the market was established." As things stand, it could prove a long haul, although not so long as the 5,000-aday forecast for November volumes made by the market's chairman, Keith Smith, buck in

Trading volume on the London market slumped from an average of 1,282 contracts a day in April to 316 a day in September. By way of comparison, the daily average of contracts traded on the New York Commodity Exchange, the big daddy of gold futures mar-kets, rose from 47,000 to 55,600 during the same period, stimulated by the dramatic increase in the price of gold between mid-June

If there is anything surprising about the poor performance of the London market it is the absence of surprise among the members themselves. Indeed, there is a marked air of resignation about some of them. But then some were predicting doom and gloom long before the market rose to its knees in April.

When the working committee set up to design the structure of the market opted for a contract priced in sterling, there were loud rumblings of discontent from would-be members and supporters alike. They felt the committee was flying in the face of just about the only clinical fact attaching to the price of gold: it is universally quoted in dollars.

The critics argued that the additional transaction across sterling-dollar currency rates would coarsen contract prices and deter pri-vate investors, particularly those from abroad. Countering the committee's claim that futures markets outside the United States were only active when contracts were priced in local currency, they pointed to the success of the London Petroleum Exchange, which had elected to trade a dollar contract.

Some opponents of the sterling contract

went further and attacked the working committee for succumbing to an obvious ploy by London's big five bullion houses, joint sponsors of the London Gold Futures Market along with the London Metal Exchange. The bullion houses, it was suggested, were more interested in protecting their own dollar-priced market than in fostering a possible competitor. The charge was dismissed at the time as emanating from "commission houses and one or two members of the London Metal Exchange."

Notwithstanding the change to a dollar contract, the London Gold Futures Market could ver find the London bullion market a major obstacle to its development. If so, there could be no complaints about it. "The bullion market is simply too hig and too efficient for the LGFM to compete." a specialist in one of the leading commission houses said. "The forward market in bullion has already got all the big investors from Switzerland and the Middle East, and if they can't be tempted away, where are the customers for London gold futures? Are they going to create them?"

The point is underlined by a thorny problem, the answer to which could be crucial to the market's development; what hours should the market trade? London markets enjoy the advantage of being on the Greenwich meridian, which means it is possible to link up with other world centers in the same day. But even this advantage is somewhat diluted in the case of the gold futures market as there is no con-

census, as yet, about the most suitable hours.

There are three different views in the market. Some members want an early opening to coincide with trading hours on the bullion market — 8,30 A.M. local time — and a 3,30 P.M. close, which would allow a small overlap with the New York Commodity Exchange. Others would like to see a much more extensive overlap with New York, which would mean opening at 11.30 A.M. and closing around 9 P.M. The third group wants to keep the hours as they are, 9.30 A.M. to 5 P.M.

The discussion looks set to continue. Mr. Smith said: "Until there is an overwhelming case for changing the hours, the market should stand on its own feet and keep to the hours best suited to the European time zone,"

Peter Grange is a journalist specializing in



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# Billy Joel Comes Up With Song for Vietnam Vets

Los Angeles Times Service OS ANGELES -- Pop music was a haven in the 60s for anti-war expression. Bob Dylan. the Beatles, Joan Bacz and Country Joe McDonald were among artists who joined in the cry.

during the '70s about the emotional scars left by the United States' Vietnam involvement. They've only recently begun to reopen this

"Front Line" are both unsettling tales about the aftershock reported by many Vietnam veterans. But the most striking reflection

ts who joined in the cry.

is "Goodnight Saigon," an "American Pie" ish look at the Vietnam experience that is as uncompromising a social portrait as pop has given us in years. Significantly, this record isn't by an aggressive rocker or someone normally asso-

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The Charlie Daniels Band's ciated with protest music. It's by "Still in Saigon," a modest hit last Billy Joel, who has been a mainspring, and Stevie Wonder's stream radio favorite for years because of his ability to come up with safe, snappy tunes.

But it's doubtful many stations are playing the downbeat "Good-night Saigon, which opens with traditional military bravado:

We met as soul mates on Parris We left as immates from an asylum.

we were sharp, as sharp as knives And we were so gung-ho to lay down

our lives. Gradually, however, disillusionment and despair set in:

Remember Baker, They left their childhood On every care.

And who was wrong? And who was right? It didn't matter in the thick of the night . . .

Joel, who admits he dodged mil-itary service by lying to his draft board, said he wrote the song partly out of guilt. He also wanted to iab others to stop treating many Vietnam veterans as outcasts "I'm trying to say that we should all face up to what hap-

pened in Vietnam and show more compassion to the people who served there." Joel objected to the Vietnam War on political grounds, he said, but he didn't join the anti-war movement. Rather than refuse to

serve in the U.S. Army on political grounds, he lied to his draft board, claiming he was his mother's sole SUPPORT. He explained, "I just made up some ridiculous, inflated figure

[for his income at the time], and they gave me a temporary deferment. Then, some of the files in my draft board got burned. I guess it was arson. I didn't hear from them for about a year.

"When they took out my file, it was burned around the edges. I re-member standing there, thinking 'Christ, I just missed being burned into oblivion by inches."

At that point, Joel was classified 1-A, and he figured he'd be called up. But the lottery system was initiated, and he gained a reprieve. "The lottery stopped at 196 and my number was 197. It was the hick of the draw. Can you imagine? Just one number away.'

Does Joel now feel sensitive about speaking for the Vietnam eteran in light of his actions? "Sure, I was sensitive about that," he replied. "I started writing the song about three years ago, and I wasn't sure of what I was

going to say. I spoke to a lot of And the silence of the dead. riends and other people who had been there. They were reluctant to talk about it at first, but they grad-

Billy Joel

ually loosened up. A certain dis-

tance has gone by."
The United States did want to hear about Vietnam and soldiers in 1966. That's when Staff Sergeant Barry Sadler's "The Ballad of the Green Berets" became the biggestselling single in the country. Sadler, a combat veteran, be-lieved in his song so much that he

used all his savings to buy a ticket to New York, where he made the rounds of publishing houses, finally snagging an RCA Records pact. An immediate success, the song led to an Ed Sullivan TV show appearance for Sadler and an initial

royalty check that reportedly was for \$250,000. But the attention soon faded. A follow-up record, "The 'A' Team," made it to No. 28 on the charts in 1966, but it was the last time Sadler's name appeared on the pop charts.

John Prine's "Sam Stone" was one of the few songs in the '70s to touch on the plight of returning

Vietnam soldiers. It's a mournful folk-country look at a man who becomes a drug addict trying to escape the physical and psychological damage inflicted by the war.

Though "Sam Stone" remains the most eloquent song on the subject, it wasn't until Daniels's recording this year of "Still in Saigon" that the U.S. Top 40 again

acknowledged the Vietnam experi-Written by New York country-rocker Dan Daley, "Still in Saigon" is far from the romanticized slickness of Sadler's "Green Berets." Though much of its urgency is offset by a catchy, singalong arrangement, the song re-mains a gripping tale of psycholog-ical disorientation:

The ground at home Was covered with snow And I was covered with sweat And my Daddy calls me a vet . . . All the sounds of long ago Will be forever in my head Mingled with the wounded's cries

The irony was that Charlie Daniels had a big country-flavored hit to-the-right slice of homespun pa-

Asked about a possible contradiction between the lamenting "Still in Saigon" and the resolute "In America," Daniels replied at the time, "'Saigon' is about millions of veterans who came back, and it was as though the country didn't want to admit they ever existed. I don't think the songs are different. I think both those songs are patriotic."

Stevie Wonder's "Front Line," which is featured on his recent "Original Musiquarium I" album, is also a stark tale whose message is softened slightly by colorful mu-sical trim. The lyrics, however, are

My niece is a hooker and my nephew's a junkie too But they say I have no right to tell them how they should do

They laugh and say, 'Quit braggin' bout the war you should have never been in But my mind is so brainwashed I'd probably go back and do it again . . .

Daniels's "Still in Saigon" single sold about 300,000 copies, but the ty percentage of radio stations, reported a source involved in the

We kept getting told that peo-ple [listeners] had problems with the record — that some considered it a novelty, that others get tired of anything with a message in it and so forth," the source noted.

Joel's time is a far bigger long shot for a hit single because it lacks the catchy hooks and other inviting pop elements that made "Still in Saigon" even partly acceptable to programmers. The Joel song is relentlessly stark. Even if never released as a single, "Goodnight Saigon" will be widely heard because Joel's album, "The Nylon Curtain." hased on his past sales should sell several million copies.

'Hard Shoulder' Is Good Fun

By Sheridan Morley aional Herold Tribune

ONDON - At the Hampstead, "The Hard Shoulder" signals the arrival of an intriguing new writer in Stephen Fagan. His play is ostensa bly about a got-rich-quick wine merchant (played Peter Blythe with marvelous twitchiness) who decides to go in for property speculation around

THE LONDON STAGE

the nether regions of north London only to find himself inertricably embroiled with a motorway, a squatter, a fireman-builder and assorted planning applications. But what makes Fagan so interesting apart from having taken up a dramatic position halfway between Mike Stott and Alan Ayckbourn, is that he's not giving us a treatise.

This is not, contrary to first appearances, a so-cially conscious comedy about motorway blight or the perils of capitalism or the rights of ringway protesters; it's just a very funny play about six people caught up in events they can only hope to influence through arson. It is conceived, believe this or not, primarily to entertain and to convince through its own stage presence, regardless of any larger issues involved, and that is what makes it such a rarity at the moment.

Alas Fagan doesn't have much of a conclusion (indeed his final scene is a bizarre lurch into an altogether different play) but along the way he has and gives a lot of fun, and for that we should be

Once in a mercifully long while you come across thriller so devastatingly and breathtakingly terrible that its mysteries have nothing at all to do with the plot. The mysteries surrounding "Mr. Fother-gill's Murder" (at the Duke of York's, but probably not for long) are, in no particular order, these: How, even in the worst theatrical season in memory, could a play like this find its way into a pro-fessional West End theater? How could a cast featuring Frank Windsor and the unforgettably named Rula Lenska bring themselves to do it not just in London, but for five months on the road, without applying to Equity for remission on the ground of good behavior, the latter to include not breaking into fits of uncontrollable giggles when asked to utter lines like "You know I never use the

12-bore these days except for the pigeons."?

Apparently compiled from off-cuts of "Sleuth,"
"Deathtrap" and "Dead of Night," "Mr. Fotbergill's Murder" is presented in the West End by its
director, David Kirk, which suggests a rare bout of

intelligence on the part of the other 30 members of the Society of West End Managers. It is written by Peter O'Donnell, who has scored a considerable and deserved success as the creator of "Modesty Blaise," but seems about as well stated to playwrit-

ing as Ibsen was to the strip cartoon. The east did manage that look of faint terror required by all thrillers, and doubtless achieved in this case by having read the second act, which fea-tured such lines as "Did you get the insulin in?" and, my own favorite, "Can you listen out for convulsions?". There were a few to be heard, mainly I fear from the normally long-suffering West End premiere audience, many of whom were kind enough to stay away after the interm

To judge by the number of missed entrances. dropped props and fluffed lines on the night I witnessed it, "The American Dance Machine," at the Adelphi, is in severe need of an overhaut. The idea here is the museum-like preservation of Broadway choreography from the past by a team of 20 American dancers who recreate supposedly classic moments from shows stretched across the 30 years that separate "Brigadoon" from "Barnum," As a celebration of what the U.S. theater does best, and as a reminder that in America it's possible to get a funding grant for almost anything as long as you call it history, that idea might just have worked. But since we have here a distinctly second-string

troupe of dancers who look as though they've been touring the Midwest in a summer stock revival of "Plain and Fancy" for too long, the idea falls apart on stage with considerable speed. Quite apart from the fact that the linking narraive is embarrassingly ill-conceived and underwritten, there is something irredeemably tacky about almost all of the routines they have chosen to preserve. Nothing from "West Side Story," nothing from "Guys and Dolls," noth-ing from "Company," nothing even from "Oklaho-ma," nothing from any of the shows that have genuinely moved the Broadway musical forward in any way. Instead of landmark choreography we get tired routines from "Cabaret" and "Bye Bye Birdie" in inadequate imitation of the original, a sharp reminder of why Americans can never do "The Boy Friend" and why "Walking Happy" was such a disaster, and an appallingly arch commentary by Barry Preston and Zan Charisse.

"The American Dance Machine" does the best curtain calls in London, but they bring to a thankful end an evening of the wrong dancers in reminders of the wrong shows, and the result for anyone who believes in the greatness of the Broadway musical is a profoundly depressing experience.

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Paris, November 29 & 30, 1982

INTERNATIONAL

#### The Sweet Memory of Honey in the Comb Camembert boxes, but whatever tle/More than a little is by much

umns Waverley Root completed before his death.

TOVERYBODY knows that one C of the phenomena of old age is a shift in the focusing of memory: you forget what you did yesterday, but you remember, in details long forgotten, what you did in childhood. What everybody knows is not always true, but at 79 I can attest that this account is accurate. Apropos of the instant oblivion visited upon present actions, I read recently in E.B. White's letters that he was obliged to devise a system of warning to prevent him from taking pills twice or even oftener, with possible harmful effects. I have had similar troubles myself, so it was comforting to re-flect that Mr. White's lapses of memory did not prevent him from continuing to write like an angel; indeed he continued to write like motil he becan the other count, I find memories welling up into my mind from more than half a century ago. It is surprising how many of them are nemories of food.

One which has been asserting it-self lately is of the square boxes of which there were always one or two on the pantry shelves of the house I occupied between the ages of 10 and 20, sometimes of flimsy wood like that used to make

same - a food not really meant to be eaten alone, but I used to slide it out of the box and bite deep into it with delight. It was honey in the comb. I have not seen honey thus presented for decades, but it was the normal way to put it in my

I do not know why honey in the comb was so much more satisfying

the packaging, the content was the too much." But Shakespeare did manage to draw from this quality of honey a lesson in prudence: The sweetest honey/Is loathsome with the combless honey was not in his own deliciousness/And in the taste confounds the that something had been taken appetite:/Therefore, occurs in 'Romeo and Juliet," was

unfortunately not followed.

By eating honey in the comb, I

The suspicion has been voiced that one reason why honey producers shifted from selling it in the comb to selling it in jars was that honey in the comb is not easy to adulterate.

than honey out of it. It must have necessarily ate beeswax too. I nevbeen a question of texture. The er noticed that beeswax added any crunchy wax added a certain ro-flavor to honey and I doubt if it to the saved it from being cloying, which ey of all earthly joy/Does of all meats the soonest cloy," as Abraturies ago, though I believe he had a different sort of honey in mind. A writer somewhat more esteemed recorded in the first part of "King Henry IV," "They surfected with honey, and began/To loathe the taste of sweetness, whereof a lit-

Encyclopaedia Britannica contradicts me on the first point, and I am not sure whether it does or not lowish solid of agreeable, somewhat honeylike odor and of a faint balsamic taste," it says, but I am unable to determine whether it offers anything to human chemistry from a second bit of information: cerotic acid and myricia (Miricyl

other higher fatty acids and al-cohols, and about 10 percent of hydrocarbons. It is possible that the trouble

out, but that something had been put in. The suspicion has been voiced that one reason why honey producers shifted from selling it in the comb to selling it in jars was that honey in the comb is not easy to adulterate. Once it has been extracted it is a simple matter to alter the resulting liquid and increase its salable volume by stretching it with glucose, gums or starches less expensive than housey. A less mer-cenary influence may have been the improvement of jars and of the methods of filling them. The demand for comb honey petered out after World War I, partly, perhaps, because the laws which protected consumers against adulteration were being enforced with increasing efficiency, so that combless

honey improved in quality. As for the Bible, it is as thick with honeycomb as Caliban. When the resurrected Christ appeared at Emmans, according to St. Luke (24:42), "And they gave him a piece of a broiled fish, and of an honeycomb." A comparison in Psalms 19:9-10 rates it high indeed: "The judgements of the Lord are true and righteous alto-gether. More to be desired are they than gold, yea, than much fine gold: sweeter also than honey and the honeycomb."

The honeycomb appears also in more dubious contexts, for instance in Proverbs 5:3-4: "For the lips of a strange woman drop as an honeycomb, and her mouth is smoother than oil: But her end is bitter as wormwood, sharp as a

twoedged sword."
This is tangential to a whole category of uses of the word "honey in literature, usually expressed more subtly than by Albert H. Fitz when he wrote, "You are my honey, honey-suckle, /I am the bee." But this transcends the donain of gastronomy, and therefore does not concern us here. Besides many connoisseurs of this type of honey hold that it is better out of the

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#### CONFERENCE REGISTRATION FORM

Prospects for economic recovery will be

discussed by Sylvia Ostry, Head of the OECD's

Department of Economics and Statistics. And the

During the past year, with two major realignments within the EMS and the

preoccupation for corporate treasurers.

are of critical importance this year:

the Reagan administration.

Return to: International Herald Tribune

Bundesbank,

consolidation.

unprecedented strength of the dollar, currency related risk has been more than ever a major

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Michel Camdessus, Director of the French

organization that coordinates public debt

• Robert Hormats, former Assistant Secretary of

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Treasury and President of the Paris Club, the

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issues facing corporate treasurers today: • the impact of currency risk on business strategies

protecting assets in times of inflation

• how to use the U.S. paper market currency swaps

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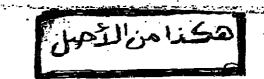
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#### **BUSINESS BRIEFS**

#### Philips Buys Stake in Appliance Firm

EINDHOVEN. The Netherlands - N.V. Philips said Tuesday that it has acquired a minority interest in the household appliances activities of West Germany's Banknecht group.

The agreement involves setting up two companies in which banks and other financial institutions will hold the majority interest. One of the new companies, Bauknecht Hausgeraete GMBH, will handle German operations from its base in Stuttgart. The other, Banknecht Holding BV Oosterhout in the Netherlands, will control activities elsewhere in

A Philips spokesman declined to disclose the value of the transaction or specify which banks and financial institutions hold the majority stake in the new companies. He said Philips will gradually acquire a majority interest in both companies.

#### Japan's Shipbuilding Orders Plunge

TOKYO — Orders received by Japanese shipbuilders in the first balf of the year ending March 31 declined 60 percent from the level of a year earlier to 1.95 million gross tons, the Transport Ministry announced in a first state for a

The orders for the April-September period were valued at 464.2 billion yen (\$1.68 billion), down 54 percent from a year earlier, the announcement said. The decline was attributed to the worldwide shipping slump.

#### Deutsch Texaco to Drill in Baltic

WHITE PLAINS, New York - Texaco said Tuesday that its West German subsidiary plans to drill for oil in the Baltic Sea at a cost of \$148

Texaco said that Deutsch Texaco, which shares the Schwedeneck-See field with Wintershall of West Germany, will install two permanent platforms in the area and drill 14 wells. Production is expected to start in it shows that have

The field was discovered four years ago and lies about 5,000 feet (1,500 meters) beneath the seabed.

#### Trafalgar Housing Asserts Health

HONG KONG - Trafalgar Housing Ltd.'s financial position remains strong, group chairman Wu Chung said in a statement Tuesday.

Mr. Wu said the company's majority shareholder. Central Enterprise
Ltd., continues to record initial project costs on its own books, which largely insulates Trafalgar from the risks of development. He said Trafalthey bring to atta

gar's diversified nature will prevent it from over-dependence on the property market. Some Hong Kong property companies recently have reported liquidity problems caused largely by a fall in real estate prices.

#### Thyssen Cuts Workweeks of 3,800

DUISBURG — Thyssen AG put 3,800 more workers on reduced workweeks this month to bring the company's total number of workers with that status to 18,866, a company spokesman said Tuesday. Most workers affected at the plants in the Duisburg area will have a workweek of between 14 and 36 hours, he said. Thyssen has a total workforce of more than 34,000.

#### and about briggs personal than the c Honeywell to Reduce Staff by 1,850 Committee of the August 1

MINNEAPOLIS - Honeywell said Tuesday that its information systems business will reduce its work force by about 1,850 by Dec. 2 in an attempt to improve its "competitive position in the market."

The diversified computer maker said reductions will be achieved through a combination of layoffs, early retirements and transfers. Honeywell said affected employees will receive financial aid based on years of service.

Compiled by Our Staff From Dispatches



## JAL Seeks Own Fuel Supply As Weak Yen Bloats Prices

New York Times Service

TOKYO - Every time the U.S. dollar rises by 10 yen, the fuel bill for Japan Air Lines increases \$20 million a year because the fuel is priced in dollars.

Thus, the slumping yen — at the time of a decline in worklyide air traffic and a poor performance in Japan - has made the carrier extremely cost-con-

The airline, which is the third-largest carrier internationally after Pan American and British Airways, earned the equivalent of \$23.9 million in the fiscal year ended in March on revenue of \$3.14 billion.

Since then, the yen has declined 13 percent against the dollar, and in the first five mouths of the new fiscal years that it is the first five mouths of the new

fiscal year, the airline had losses of \$12 million. Airline executives say an improvement in profits depends on fuel savings. In 1960, nine years after the company was formed. aircraft fuel costs accounted for just 15 percent of the

dropped to 10 percent.
But 10 years later, after sharp increases in oil prices, fuel accounted for 32 percent of expenses.
To reduce its \$880-million annual fuel bill, the air-

company's expenses. In 1970 fuel expenses had

line has left few avenues unexplored. It even reduced the weight of its in-flight magazine.

The airline, which is 37.7-percent owned by the Japanese government, has decided to conduct its own search for fuel supplies. It is scheduled to announce

the formation of a subsidiary, the Pacific Fuel Trading Corp., in Los Angeles. It will have storage facili-ties in San Francisco and plans to expand to Kennedy International Airport in July and to Los Angeles International Airport by 1984.

"Initially, we will sell fuel to Japan Air only, but in the future we may service other airlines," said Kazuro Aoyama, assistant director of the airline's fuel depart-

The move is part of a trend among airlines to eliminate uncertainty about supplies. JAL last year joined a group in Anchorage, Alaska, where 16 airlines own a dock and pipeline and a storage facility for 22 million gallons (83.6 million liters) of jet fuel.

"If we buy bulk fuel, we are able to reduce fuel costs," said Hiroaki Yano, vice president of the new

The subsidiary's first facility is small, 2.1 million

gallons. Initially, it will service only the airline's freight carriers. But it will allow JAL to enter into the U.S. oil market and give it an opportunity to establish itself as a buyer of jet fuel. For now, 90 percent of the fuel will be bought under contract.

Efficient operations are important as the airline ex-pands in the United States. Under a recent agreement between Japan and the United States, JAL will fly passengers to nine U.S. points, instead of seven. It will begin flying in April to the new destinations, Seattle and Chicago. In exchange, United Airlines (Continued on Page 15, Col. 6)

## N.Y. Stock Prices Leap; **Dow Climbs 16 Points**

NEW YORK - Prices on the New York Stock Exchange soared for the second day in a row Tuesday as speculation increased on Wall Street that the Republicans might do better than most surveys predicted in the congressional elec-

The Dow Jones industrial average rose more than 27 points during the day but pulled back in the last two hours, closing with a gain of 16.38 points at 1,022.08. Advances led declines by better than four to one, and volume swelled to 104.8 million shares from the 73.5 million Monday.

The large volume was unusual because many banks and other financial institutions were closed for Election Day.
Officials in both parties have

predicted that the Democrats will gain 18 to 25 seats in the House, which could seriously undermine congressional support for Presi-

dent Reagan's economic programs. But the stock market managed to stage a rally that caught analysts by surprise. Monday the Dow av-erage climbed 13.98 points, with all of the gain coming in the after-

noon.
"The market is definitely giving a more optimistic view of the Republicans' chances than the polls indicate," said John Smith of Fahnestock & Co.

Michael Metz of Oppenheimer & Co. said stock prices rebounded because there was too much precautionary selling last week. think the market outsmarted the gamesmen who thought prices would drop sharply prior to the elections," he said.

Tuesday appeared to be a repeat performance of the Columbus Day semi-holiday on Oct. 11 in which the Dow surged 25.94 points on volume of more than 138 million

William W. Helman of Smith Barney, Harris Upham, said he strongly doubted that the elections outcome "will change the determi-nation of the Federal Reserve in the near to intermediate future to reduce inflation."

However, he noted that "the Fed's job now is to foster recov-

ery" in the economy.

With many banks and the Federal Reserve closed, the federal funds rates banks charge one another for loans dropped to around 84 percent from around 9% percent Monday. Many analysis said

lation heightened the Federal Reserve will cut the discount rate it charges member banks for loans and interest rates will fall as a re-Among the reasons analysts be-

lieve the Fed will cut its rate is the fact loan demand had dropped substantially in the past several weeks. And the nation's money supply growth has subsided.
On the NYSE floor, retail and

consumer goods stocks were among the strongest as analysts noted that those industries are expected to be among the first to benefit from an economic recov-

significant but the stock market apparently thought differently.

The declines occurred as specu
6734, General Electric 1 to 8814 and Zavre 112 to 57%

■ Hong Kong Shares Up News that a plan should be worked out within two years to ensure stability and prosperity in Hong Kong after the British lease runs out in 1997 boosted share prices in Hong Kong, Reuters reported.

Chinese Polithuro member Xi Zhongxun gave this view in remarks to a visiting delegation from the Hong Kong Trade Develop-ment Council.

The Hang Seng index closed up 50.69 at 822.54 after showing a 58.13 gain at the end of the morn-

## U.S. Orders Climb But Remain Weak

WASHINGTON - New orders for factory goods rose 0.7 percent in September but were still at the second lowest monthly level of the year, the Commerce Department

year, the Commerce Department said Tuesday.

The value of new orders for manufactured goods reached \$155.5 billion in September, rebounding only slightly from August's revised decline of 2.65 percent, the department said. The level of orders was the lowest since Industry January.

The closely watched durable goods orders, including automo-biles and machinery, dropped 0.1 percent, or \$53 million, to \$72.93 billion. That was a turnaround from a preliminary report released 10 days ago in which the department estimated that durable orders rose 0.2 percent in September.

Orders for nondurable goods

climbed 1.5 percent, or \$1.19 billion, to \$82.59 billion in September, the department said. In August, nondurable orders fell 0.9 percent, or \$744 million.

Shipments by manufacturers in September were down 0.03 percent to a value of \$158,566. Inventories declined 0.8 percent.

Manufacturers' backlogs, in their 14th consecutive monthly de-

cline, fell 1 percent. The department also said sales of new single-family homes

climbed 23.7 percent in September after a revised 5.9-percent increase in August. Initially, the depart-ment said sales rose 2 percent in August.
In addition, the department said

such home sales in July fell 4.1 per-cent, instead of declining 5.4 percent as previously reported. September sales were up 38.5 percent from the year-earlier rate.

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## Swiss Investor Asks Costa Rican Bond Default

GENEVA - A Swiss investor has taken legal action to have Costa Rica formally declared in de-fault on a bond issue, a move that could spark similar actions elso-

Banque Gutzwiller, Kurz, Bungener said Tuesday the investor has asked a Geneva court to declare Costa Rica in default on a bond issue totaling 20 million Swiss francs (\$9 million) that the the manifest of the said bank arranged in 1980. Under Swiss law, the identity of the inves-

By Donald Nordberg

FRANKFURT — The record 2.96 billion Deutsche mark Enro-

bond calendar set by banks Mon-

day could prove difficult to place

because of its heavy weighting in the early weeks, bond dealers and

syndication managers said Tues-

day.
The calendar stretches over two

months - one of the longest calen-

dars ever set. But dealers said that

investors tend to withdraw from

the market as Christmas approach-

es, and the November portion of the calendar alone — 17 bonds to-taling 1.96 billion DM — is the

greatest concentration of new is-

sues ever undertaken on the mar-

The six banks in the Central

Capital Markets Subcommittee,

which sets the calendar, are appar-

ently counting on a continuation of the generally favorable market

conditions of recent weeks, dealers

ed States, widely expected in the next two weeks, would help in placing these new bonds, not least

because it would nomish hopes

that West Germany's Bundesbank

too could reduce its rates again be-

calendar should prove attractive to

the market, but some sources expected a split into two major cate-

gories, one containing highly

sought bonds and the other con-taining bonds the banks will have

fore the end of the year, they said.

Most of the names in the new

A discount rate cut in the Unit-

the bond is in bearer form. Costa Rica, which has been negotiating the rescheduling of about \$1 billion of its foreign debt - banks loans and bonds - because of a prolonged shump in coffee exports, has not paid any interest on the bond since October 1981. Arrears total 2.1 million

francs (\$960,000).

**Troubles Seen in DM-Bond Plans** 

of 8.40 percent.

ment Bank, which was expected to

be a 10-year issue with a coupon of

8¼ percent priced at 99 for a yield

ed conditions appeared tight, especially with bonds for IBM France,

Bayer and Mitsubishi Heavy In-

dustries due within the next week.

Two issues that could face the

greatest difficulty are the 100-mil-

lion-DM issue by the South Afri-can Transport Systems and the one

by Ente Nazionale de l'Elettrica of

Italy, which reappear in the calen-dar after their launch was post-

Dealers said the December program, beginning with a 100-million-DM issue for Toray Industries

of Japan led by Commerzbank, will face the usual problem of slow demand during the holiday season.

Some dealers said they antici-

pate that the lead managing bank will push the coupon dates on the December launches into the new

year to bring in some funds from

the new year, as well as to avoid

having to carry the bonds on their

books at year-end

poned earlier this year.

Some sources said these indicat-

tor need not be disclosed because some in the international banking community because it could trigger similar claims by other lenders under cross-default clauses.

Nearly all international loans and bond issues have stipulations that lenders should be treated equally, so that if one gets a court judgment that the borrower is in default, then the rest are entitled igment that the borrower is in to the same claim.

While legal experts said it would be some time before the court proceedings are completed, such a move has long been feared by

To the same tann.

Bankers said they were optimistic that a rescheduling could be worked out by the end of the year with Costa Rica, which has total

London. The issue, led by

Deutsche Bank, has a 12-percent

Meanwhile, SNCF, the French

state railway, is raising \$75 mil-lion. Aside from Société.

Générale; the issue is managed and underwritten only by Nordic banks. This 10-year bond will car-ry a coupon of 11½ percent and

A special feature of the offering

that investors need put up only

20 percent of the purchase price on

Nov. 18 and the remainder on Feb.

13. The issue is non-callable for

eight years and has an average life of 61/2 years with a sinking fund

The New Zealand government has raised to \$750 million from

\$500 million a seven-year syndicated loan arranged in April, 1981, Reuters reported from Hong

coupon and is priced at par.

will be priced in two weeks.

operating in the fourth year.

foreign debt of more than \$3.5 bil-With more than \$500 billion in debt, many Third World and East-ern Bloc countries have been unable to keep up their repayment schedules and have been forced to

ask for postponement of both in-terest and principal falling due. What makes Costa Rica different is that while the other reschedulings have concerned bank loans, Costa Rica's rescheduling talks have included both loans and, for the first time, sovereign

Major banks have avoided forcing debtor countries into formal default, mainly for fear that they might not recover much of the money if a country decided it was

cheaper to fight it out in the courts rather than pay up.

This would leave the creditors with few real options other than seizing a debtor country's assets held abroad, such as ships and planes, which in most cases would be insignificant when set against

the size of the loans. But banking sources said there are constant fears that some smaller banks or lenders that joined in the syndicates that pro-vided the funds may run out of patience and demand repayment.

#### Markets Closed

Tuesday in France and Luxembourg for a holiday. New York banks, the Federal Reserve and most commodity markets were closed in the United States for the

TAPMAN MANAGED COMMODITY ACCOUNTS.

robond, Reuters reported from

#### Financial markets were closed

RESULTS FOR COMPTREND II. BEGINNING EQUITIES OF \$100,000

## interbank exchange rates for Nov. 2, excluding bank service charges.

#### **CURRENCY RATES**

sup min will the por	gat bonds and the other con- ning bonds the banks will have hold on their books.  A heavy dose of bonds for tranational borrowers is a ted blessing dealers said. Some is simply replace old issues by same borrowers in investor tfolios.  But, at the same time, these bor-	Amsterdam Brussels (e) Prodifier! Lendes (b) Miles New York Peris Zerich 1 ECU 1 5DR	2.5482 1.4835 1.487.85 1.497.85 2.1947	2.45630 2.45630 2.45630 0.5467 0.530361	64.105 ° 2.3537	203.42 Closed x 30.545 • 6.6292 T	11.1. 6.1893 3.3765 * 1.746 × 2456.23 2456.23 2.1594 3.49.24 3.556.42	17.802 92.05* 4.645 927.48	B.F. S.F. 5.619 * 724.25 * 72.46 * 72	11.K. 31.945* 5.515 78.48* 15.067 143.37 24.54* 8.2581 9.5305
	ers will be competing with				De	llar Va		,		
MARCEA SAN MO	ne extraordinary names, includ- United Technologies and Nis- Motor, both making their first ocarances in the DM sector. Turber, the most sought-after hes earlier this year. Philip pris and McDonalds, are again king funds. The program began Tuesday in the offering of a 150-million- fissue for the Asian Develop-	0.055 Aust 0.51% Belt 0.51% Belt 0.519 Fi 0.732 Gra 0.740 H 1.336	maish merk jek dractumo ene Kong S jrish £ j; 1,261 irish £	51.125 1.2225 8.9425 5.497 72.70 4.7225 0.7474	N.A. 0.4239 0.1385 0.1672 N.A. N.A.	Isopell sh Japanese Kernatil d Malay, ris Herw, kr Paik, pe Port, esc Saudi ris	1908 2.359 2008 7.222 200 9.322 200 Yol	5 0.6525 0 N.A. 9.0014 5 0.0066 5 0.1249 4 0.725 0.0442 N.A.	Singulater S S. African rund S. Korken wen Spanish peselt Swedish kroos Tokson S	7635 116475 7,425 4,08 22,636
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#### They said the period and all other terms on deal are unchanged from the original arrangement, Eff, SNCF Set Bonds which carried interest at 1/2 percent Elf Aquitaine is raising \$150 over the London interbank offered million through an eight-year Eu- rate.

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OCTOBER 28, 1982 EQUITY STOOD AT \$145,306.35

More than \$5,000,000 currently Call or write Royal! Frazier at TAPMAN, Trend Analysis and Wali Street Plaza, New York, Telex BMI 667 173 UW.

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New Issue

November, 1982

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(Incorporated in The Netherlands with limited liability)

#### U.S. \$150,000,000

11¼ per cent. Guaranteed Capital Bonds 1992 Guaranteed on a subordinated basis as to payment of principal and interest by

#### **National Westminster Bank PLC**



County Bank

Credit Suisse First Boston Limited

Morgan Stanley International

Orion Royal Bank

Arab Banking Corporation (ABC)

Bank of Tokyo International Limited

Banque Nationale de Paris

Crédit Lyonnais

Deutsche Bank Aktiengesellschaft

Swiss Bank Corporation International

Limited

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

Handelsbank N.W. (Overseas) Ltd.

Union Bank of Switzerland (Securities)

Morgan Guaranty Ltd

Banque Paribas

Salomon Brothers International

S.G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale

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Washington Fam Series
WASHINGTON — Two top officials of the
U.S. Synthetic Fuels Corp. wall-travel to Japan
soon to try to attract Japanese investors tos
synthetic fuels projects.
The visit comes at a time when private inves-

tors in the United States are showing less and less inclination to pour money into synthetic fuels projects. The most recent example of that reloctance was a decision by Standard Oil of Ohio to abandon millions of dollars already spent on a coal gasification project in Gillette

Wyo.

The Synfoels Corp. was scheduled to hand out by the end of the month the first funding for projects developed since the corporation was formed. But the Solino pullout from one project and failure of investor support for another potential project make it likely that the corporation will not meet that deadline.

In the meantime, Edward E. Noble, chairman, and Victor A. Schnoeder, president of the

the Japanese government and private sector representatives in Japan to discuss possible Japanese involvement in developing a U.S. synthetic fuels industry.

Mr. Noble will address the Pan Pacific Syn.

fuels Conference Nov. 18 and Mr. Schroede will participate in a symposium sponsored by the New Energy Development Organization Nov. 10. Both meetings are in Japan. The Jap-anese have indicated greater interest in synthetic fuels than Americans, in part because Japan's drive to diversify the sources of its ergy supplies.

The President of the Price of t 

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# Japan Nigerians

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A senior economic analysts are predicting that it will be the most being the stringent in recent years.

A senior economic adviser to the control of the spending president. Emmanual Edozien, has

A senior economic auviser was a seni d man the indicated that the progen course because the more overseas bor-There is a likely growing by the government and a Have the deading development and a last one last product program.

Mr. Edozien, speaking in Longue and Longue

Mr. Edozien, spearing in figure of what the sovernment might income and transported for the government might in the discussion proced to borrow to cover foreign exto S2.5-billion rail project will be de-In the flow problems.

The railroad is intended to link to the railroad to the part that an intended to link to the railroad to the railroad to the railroad to the railroad to the development of an industrial base in Nigeria.

The suspension of the project reflects the economic crisis the government has been facing this year. In April it was forced to impose in April it was in imports after s oil production slumped from a peak two years ago of about 2 million barrels a day to less than 700,000 at one point in March That left a foreign trade deficit of about \$1 billion a month.

Nigeria is dependent on crude oil exports for around 95 percent of its foreign exchange. Official sources said the budget for the financial year starting in January will be based on the assumption that oil output will be 1 million barrels a day

Production has recovered since March. For the last few months it has been averaging close to the ceiling of 1.3 million barrels a day that the Organization of Petroleum Exporting Countries set.

Industry sources predict that Ni-geria will have averaged nearly 1.5 million barrels a day in October and say that November output is likely to be about the same level.

But the sources said the government is feeling uncertain about making a prediction of its income for all of next year at a time when production prospects are difficult to assess.

Because of that difficulty, the sources said, the government is ex-pected to be cautious in estimating its income for the new year. By using what it considers the lowest likely production figure, it hopes to give itself some leeway on the budget, they said.

Last year's budget was 11.5 bil-lion naira (\$16.8 billion).

# Futures Debacle Exposes Outdated Strategy

By H.J. Maidenberg

New York Times Service

NEW YORK — Spreading may be the most conservative form of futures trading, but a recent costly debacle in London illustrated that it takes more than a knowledge of computer programming to make these spreads pay off: It also takes a fundamental knowledge of how a particular market works and, more important, how markets can change overnight and make time-honored trading strategies outmoded in that time.

The debacle gained notoriety in the British press as customers of a London branch of Prudential-Bache Securities told stories of losing large sums after following their brokers' advice and spreading Treasury bond and Government National Mortgage Associ-ation certificate futures in Chicago.

Essentially, the spread they asserted the brokers told them would pay off handsomely involved simultaneously selling short Treasury bonds and buying Ginnie Mae futures. Aside from the fact that the initial cash margin and the brokerage commission would be complete half that required in two "etraight" roughly half that required in two "straight" deals, the spread was said to have much to recommend it.

For one thing, the brokers reportedly said, interest rates were falling and thus both the Treasury bonds and Ginnie Mae frates should rise in value. Falling interest rates also also were supported to the control of the said and the said an ways make existing yields more attractive, just as rising yields make older and lower-yielding securities less desirable. Because Ginnie Mae futures were selling well below Treasury bonds, they would rise faster — so the sales pitch with the sales pitch went.

What happened, however, was that the

steep decline in interest rates in recent months sent Treasury bond futures soaring. while Ginnie Maes moved up only modestly. Since Sept. 1, for example, the December Ginnie Mae futures rose to 6914 from 64. while the same Treasury bond delivery jumped to 761/2 from 66. Each 1/32 point represents \$31.25 on a contract of \$100,000

Thus the Treasury bonds that were sold short lost about \$10,531 in this period while the Ginnie Mae leg of the spread gained only \$5,240, which meant a loss of more than \$5,291 on each spread, not counting commis-

"What obviously went wrong was that the computers were spewing out outmoded historic programs based on the former price re-lationships between the T-bonds and Ginnie Maes," said David J. Vogel, senior vice president and manager of the interest rates futures department at Thomson McKinnon Securities. "A very long time ago in this business, I'd say the summer of 1981, the prices of both were still perhaps two points apart; a week ago, for example, it was nine points, and is now about seven points. That should have told everyone that the relationship between T-bonds and Ginnie Maes was chang-

But the major error was somewhat more complex, Mr. Vogel said. "To put it simply, it resulted from basic misconceptions concerning how the two fixed-income securities would behave during an unusual period of declining interest rates," he said.

Although the drop in rates raised the remium on Ginnie Maes in the cash mar-

Problem Loans Grow

At Banks in the U.S.

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concerned because the premium in effect evaporates at delivery time, he said. Those who deliver the physical Ginnie Mae certificates, which are actually baskets of mortgages guaranteed by the U.S. Veter-ans Administration or the Federal Housing Administration, invariably deliver the cheapest ones. All that matters is that the short seller deliver certificates with a face value of \$100,000 that carry 8 percent coupons - the futures contract specification - regardless of whether the actual instruments were selling at a premium or discount to face value.

Because the average life of a mortgage is 12.5 years, many Ginnie Mae certificates carry much higher coupons, Mr. Vogel noted. That is why those who sell the futures short have been happy to deliver the actual paper rather than buy out of their positions," he said. "The shorts hand over the cheapest paper they can find and the futures market knows this and contract prices are adjusted

accordingly." That is also why, despite the large premiums that have grown on Ginnie Maes since rates began to drop, their futures prices have

not risen very much. As for Treasury bond futures, they also reflect the increased premiums on the underlying securities. But, Mr. Vogel added, they are, among other things, more permanent debt instruments. Those who sell the bond futures short cannot deliver cheaper paper from the cash market. Cash and futures pric-

es of Treasury bonds are very closely related.

Those who sell Treasury bond lutures short may deliver maturities and couponedissues that differ from the contract specifica-tion — 20-year, 8-percent bonds with a face value of \$100,000 — by making price adjust-ments to that standard.

#### The competition from Japanese recorders entered a more severe phase with last week's decision by Horien, a leading department store chain, to sell a Sanyo Beta cassette recorder at less than 1,000

Deutsche marks (\$3921.

Both Philips and Grundig, which produce the V-2000 system,

By Robert Woodward

Reuters

deotape recorder market may wit-

ness a fierce price war in the ap-

proaching holiday season as the

pressure from low-priced imports

increases, industry sources say.

BONN - The West German vi-

say they will keep prices, currently ranging between 1,800 and 3,000 DM. stable in the face of the inex-pensive Horten offer. Also pledging to hold the line on prices was Sony Deutschland, Sony developed the Beta system and markets

#### JAL Is Scouring For Fuel Supplies

(Continued from Page 13) and Continental Airlines get new

landing rights in Japan. The most profitable routes for the Japanese carrier, which flies to 45 cities outside of Japan, are to where it competes with a dozen airlines. Pan Am, Northwest and Continental are the main competitors over the Pacific,

About 75 percent of the company's revenue comes from its pasnger business. Its tour, hotel, ground service and mail operations account for little more than 5 percent of revenues. Cargo handling. one of the company's strengths, makes up 18 percent. And, of the passenger revenue. 75 percent

comes from international routes. In Japan, the carrier flies to only five cities, having less than 20 per-cent of the market there. Since a fare increase in January, three of its routes are no longer competi-tive with the high-speed bullet train. And a crash into Tokyo Bay last February has depressed business further.

The only route that makes domestic service worthwhile for the airline is Tokyo to Sapporo.

Other than Pan Am, JAL has the largest fleet of Boeing 747s in the world. As the airline has phased out its DC-8s, it has turned to Boeing Co. for larger, more effi-cient 747s. It now flies 41 of the jumbos, and five more are on order from Boeing. To finance the purchases, the carrier has issued Japanese government-guaranteed bonds. The fleet rejuvenation will cost nearly \$500 million over the next five years.

But all three companies said they have introduced cheaper models at less than 2,000 DM for the Christmas market, and other industry sources say they expect the present prices to come under

West German VTR Makers

Fear a Holiday Price War

increasing pressure. The West German industry accuses Japanese producers of dumping their excess production in the European Community. Grundig estimates Japanese 1982 VTR production capacity at 16 million units, compared with estimated world demand of about 10

Philips, a subsidiary of the Dutch manufacturer, estimates that about 1.5 million Japanese VTRs are stocked in Western Europe, excluding those already in shops, and says 900,000 more are on their way to Western European

The Japanese Electronics Industry Association said last week that video recorder exports to the EC in September rose 85 percent from a year earlier to 303,000 units.

The West German industry be-lieves consumers have become

more quality conscious since the initial surge of interest in video recorders and hopes the expected one million units sold this year will

be higher quality products. The system offered by Horten contains few extras, West German producers say, adding that a profit

impossible at such a low price. But high unemployment and the economic downturn may mean price will become the most important purchasing factor. Grundig said the V-2000's market share has

been cut by imports.

A spokesman for Philips said that if the present situation on the West German market continues, West German producers and their suppliers would have to reduce production and work forces.

The West German industry is against import controls, and the Economics Ministry said it is not considering taking action similar to that taken last week by France, which centralized all import controls for VTRs at a tiny customs station Poitiers, in central France --- a move viewed as a way to slow

#### ket, it was meaningless as far as futures were Europe. It has been worried, how-ever, about its Pacific routes, U.S. Money Funds Strive to Cut Banks' Edge By Walker Simon

By Kenneth B. Noble

New York Times Service WASHINGTON - U.S. mutual fund companies, stung by new competition for consumer savings, are exploring the possibility of of-fering insurance to back the deposits in their money market funds. They also say they are considering lower minimum deposits to attract more customers.

The responses to the new competition are being developed hasti-y because of legislation approved by Congress last month that allows banks and savings institutions to offer a new account similar to those offered by the money market funds. The banks' account, unlike the funds, will have the advantage of being insured by the federal

Although officials and executives in the mutual fund industry express reluctance to discuss publicly the steps they are considering to meet the new challenge, they say that some of the legislation's final provisions took them by surprise.

In a speech, David Silver, president of the Investment Company Institute, a trade association, said the mutual fund industry "has

been exploring methods through might buy coverage from private Dreyfus Corp. and establish or acwhich money market fund investors who are seeking maximum safety" can be reassured. Mutual funds offer stock and bond investments as well as money market funds, but the latter account for most of the assets of mutual fund

The Investment Company Institute announced last week that it was exploring the question of seeking coverage for money market fund deposits from private insurance companies. Presumably, the insurance would work much like federal deposit insurance except that it would cost more. The funds

By James L. Rowe Jr.

Washington Past Service
WASHINGTON — Problem loans at the major U.S. banks have grown about 64 percent since the

start of the year and will continue

to increase in the months to come,

according to a study by Salomon

the firm, said the 35 banks he sur-

veys every quarter had "substand-

ard" assets (mainly loans) of \$18 billion as of Sept. 30, up from

\$14.8 billion on June 30 and \$11

schedule, real estate loans on which a bank has foreclosed and

taken possession of the property and loans the bank thinks are

Bankers say most nonperforming loans eventually are paid off in full.

main reason banks are seeing a big increase in problem loans, several banks are holding large problem loans they purchased from the

failed Penn Square National Bank

in Oklahoma City.

At the head of the list of major

nearly \$2.1 billion, or 4.7 percent, of its assets classified as nonper-forming at the end of September.

The average for all major, money center banks such as Continental

was 1.7 percent of assets.

At the beginning of the year, \$660 million, or 1.4 percent, of

Continental's assets were classified as nonperforming. That was about the same as other big banks such

billion at the start of 1982, Substandard assets include loans that are not being repaid on

Thomas Hanley, an analyst with

insurance companies to protect de quire a bank. positors against the possibility that a fund might fail. But details of how the insurance would work nounced that it had applied for cording to industry officials.

So far, the exploration of degone beyond informal discussions among industry leaders. In addition to insurance, according to the trade press, the discussions have dealt with the possibility of lower minimum deposits (now \$1,000 or more at most funds) and the possi-bility that some mutual funds might follow the example of

as Chase Manhattan and Citibank.

credits at U.S. banks is less impos-

ing than during the recession of 1974 and 1975. Bank regulators

have stressed that, even though

problem loans and problem banks

are growing in numbers, the bank-

Dreyfus, with \$20 billion in mu-

have not been explored yet, ac- permission from the Comptroller of the Currency to establish a national bank in New York, Meanfense tactics appears not to have while, Dreyfus is also proceeding with a \$2.5 million tender offer for Lincoln State Bank, a small statechartered bank in New Jersey. Analysts say both bids are expected to be approved. The threat to mutual fund com-

Comptroller of the Currency ruled that Citibank, and presumably all other banks, could seil mutual maintain individual retirement ac-

The decision means that the funds have lost, at least in part, an advantage over other financial institutions - the ability to let depositors shift their accounts from stock funds to money market funds to bond funds to keep pace with changing market conditions. Mutual funds have experienced

On Jan. 1, money center banks reported that 1.2 percent of their assets were in the problem category. extraordinary growth in the last Nevertheless, the list of problem three years, mostly at the expense of banks and thrift institutions.

## Mexico Seen Pressing Price Fight With OPEC

Reaers
MEXICO CITY — Mexico is expected to continue undercutting the oil prices charged by the Or-ganization of Petroleum Exporting Countries to enable it to market increased production, industry an-

alysts say.

The state oil monopoly, Petro-leos Mexicanos, would be certain to lower its prices further if Saudi Arabia cut its price for benchmark Saudi light, the sources say.

But for Mexico, suffering from a dollar shortage, the immediate challenge is to find enough funds to continue the oil industry's extraordinary expansion.

Because of its lower oil prices and proximity to the U.S. market, Mexico believes it can get some of the contracts now held by OPEC members, the analysts say. "Mexico's main concern is av-

erting bankruptcy, and pumping more oil is the only alternative to ease the severity of the country's crisis." an industry source said.

Mexican oil officials declined to comment, but the analysts said that with a fresh injection of capital the country could produce enough oil to export nearly 2 million barrels a day by the end of 1983. That would surpass Venezuela and approach Iran's level of

While Venezuela and other major producers struggle to maintain les in a stagnant market. Mexico has increased its exports by about 40 percent from 1.04 million bar-

rels a day in January.

Foreign crude oil sales reached
1.73 million barrels per day in September, 60,000 barrels above Venezuela's level.

A Finance Ministry report is-sued recently to foreign bank cred-itors suggested that the interna-tional financial community pro-vide Mexico with nearly \$9 billion and continue its debt mercanging and continue its debt moratorium until the end of 1983 so that the government can give Pemex \$4.4 billion for foreign goods and ser-

While it remains uncertain whether that request will be approved, the analysts agree that \$4 billion would be enough to increase Pemex output and raise export capacity from its current 1.8 million barrels per day to 2 million by the end of 1983. Further development could

boost export capacity to at least 2.2 million barrels a day by the end of 1984, they say.

The analysts say that they ex-pect Pemex to continue undercutting OPEC prices in an effort to sell this increased production and prevent it from becoming a sur-

#### The 1983 IHT Pocket Diary With ItsOwn Leather Wallet

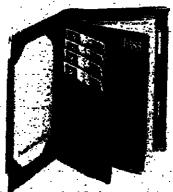
Our pocker diary was an instant success when we introduced it 3 years ago. Now our new hit is the unique wallet that holds everything — including the diary — without a trace of bulk. Both items in rich black leather, personalized with your initials in gold.

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## Sinclair Prepares a New Computer, Tiny TV

a small profit margin. So. counter-intuitively, the low price gives us the highest profit.

The second reason is that our

pricing deters competition. We

know that in our case some of the Japanese companies have canceled

their personal computer plans be-

have been held to celebrate the

machine, its growing community

Overnight, the ZX81's success in

By Michael Schrage

Washington Post Service LONDON — Despite his British reserve, Clive Sinclair would probabiy recoil at the thought that he has become the Henry Ford of personal computers. Yet the parallel between his machine and the Model T is irresistible: It is inexpensive, functional, bizarrely elegant and comes in any color you want as long as it is black.

England spawned a host of cottage industries designed to produce both hardware and software for it. Indeed, several "Sinclair Fairs" In fact, the Timex-Sinclair ZX81's price — under \$100 — and functionality have redefined the personal computer marketplace. of users and its creator. Ordinary consumers can now afford to wonder what a computer can do for them, and Mr. Sinclair's competitors are forced to justify the higher prices for their machines.
Mr. Sinclair's ability to hold

down the price while keeping most of a computer's versatility has, along with Timex's marketing clout, given it a dominant market ess than a year.

More than 700.000 units of the

ZX81 and its predecessor, the ZX80, have been sold worldwide in the last two years. That has led Mr. Sinclair to contend that his company, Sinclair Research, is the largest-volume personal computer manufacturer in the world.

And, says Mr. Sinclair, there is another generation of low-cost and more powerful Sinclair computers

With his high forehead, thinning hair and thick glasses. Clive Sinclair looks precisely like what the British call a "boffin" - an academic grind. Yet he never attended college and worked as a technical journalist before launching, at the age of 22, the first of a series of ventures in consumer electronics in He formed Sinclair Research in

1979. The company's first product, the ZX80, was offered in 1980. Marketed through mail orders, it did phenomenally well. A year later, the improved ZX81 was being produced at the rate of 60,000 units a month. Yet the ZX81 was sold at a lower price than the ZX80.

The ZX81 was a better ma-chine — more powerful, more eleeveryone said we were crazy," said Mr. Sinclair. "But we go by cost-

between selling price and sales volume; that curve has a peak and we can show that the peak happens at

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diversified in energy—natural gas transmiss; oil and gas exploration and production, contract drilling, coal development.

A more serious problem for Mr. Sinclair is the very cottage industry that helps support his ma-chines. That industry actually competes with Sinclair products by producing rival hardware and soft-

Because Sinclair Research is not really a software producer but rather a hardware innovator, says Mr. Sinclair, it has had to "scout out good software, buy it or pub-lish it." Timex is marketing Sinc-lair software in the United States and is reportedly talking to several companies that design video games about providing game software for

Livestock

Financial

But Sinclair Research was not satisfied with the ZX81 as the However, computers are not the staple of its product line. It introonly market weapon in Sinclair Research's arsenal. Early next year, the company plans to intro-duce a Microvision TV, a tiny duced a new-generation machine, the Spectrum, in England in April hand-held television that is to sell for less than \$100. It is to be a

"It's always a complicated jug-gle between price and perform-ance," said Mr. Sinclair. "We want to have a product that is broadly better than the competition so we look at all the competitors, we get their machines and we try to position ourselves so that nobody can take our machine and say, 'Ah, but it doesn't do this."

The Spectrum currently is available only in England, at a price of £125 (\$210). It represents a buge technological leap over the ZX81. It offers eight-color graphics capa-bility along with such Sinclair-de-signed peripherals as micro-floppy disc drive and communications

Yet introduction of the Spec-trum may put pressure on Sinc-lair's American partner, Timex, which has marketed Sinclair Research's computer products in the United States since August. The Spectrum could induce consumers not to purchase the Timex-Sinclair ZX81 and wait instead for the

Paris Commodities

PORTINAX DEVELOPMENT LIMITED Bid: U.S. \$1,75. Asked: U.S. \$2,25. Kolversinest 112, 3rd Fleer 1012 PK AMSTERDAM, Helicark

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"It's quite a device." Mr. Sinc. lair said with a smile. It is expected to add a great deal to Sinclair's revenues, which is currently enimated to be £27 million per year.

Yet even the Microvision is expected to be eventually linked to the computer. It is a logical step, Mr. Sinclair said, to package computers and Microvision into a single unit that makes a computer and display device both portable and cheap,

Sinclair Research is a consumer electronics company, not just a computer company. One of its upblance to its past innovations. In lair-Henry Ford comparison. In 1984, Mr. Sinchir said he expects to market a consumer electron

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INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, NOVEMBER 3, 1982

# Tuesday's AMEX Closing Prices Tables include the nationwide prices up to the closing on Wall Street.

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Montreal High Low Close Ch'90 Total Sales 701,719 shares. Canadian Indexes

DIVIDENDS EACH YEAR SINCE 1912 The Board of Directors of ENSERCH Corporation on October 28, 1982, declared a regular quarterly dividend of 40

Dallas, Texas 75221.

Nov. 1

ers of record November 19, 1982. For additional information, please write to Benjamin A. Brown, Vice President, Dept. M. ENSERCH Center, Box 999,

cents per share of common stock, payable December 6, 1982, to sharehold-



**GROUP** LIMITED

Johannesburg Stock Exchange, It is South African owned, controlled and managed,

controlled and managed, with 98 per cent of its capital in South African hands. The 'group's operating companies cover the whole spectrum of linancial services – from the needs of individuals to those of larger. to those of larger corporate clients. The companies maintain strong international profiles with overseas branches, associated

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companies and a large network of correspondent banks in other countries. Nov. 2 Cirige +8.40 Cipsed

#### PROFITAND FINAL DIVIDEND

30 September 1982

#### PROFIT

REVIEW

Nov. 2

The unaudited net operating income after tax and after transfers to internal reserves attributable to shareholders of the Nedbank Group Limited for the year ended 30 September 1982 amounted to R88 587 000 which represents an increase of 16% for Earnings per share for the year under review increased from 86,4 cents to 100,2

	1982	1981
Operating income after transfers to internal		
reserves	122 399 O(X)	110 593 000
Less: Taxation	33 687 000	33 681 OW
Taxed Income	88 712 000	76 912 000
Less: Outside shareholders' interest in the profits		
of subsidiaries	125 000	528 000
Operating income for the year attributable to		<del></del>
shareholders of the Nedbank Group	88 587 000	76 384 000
Less: Dividends to Shareholders	44 216 000	38 036 000
	44 371 000	38 348 (00)
Retained income brought forward	6 194 000	4 013 000
Surplus on the sale of long-term investments	1 540 000	21 878 000
Transfer from Internal Reserves	<del>-</del>	25 000 000
	52 105 000	89 239 (00)
Less: Transfer to Disclosed Reserves	43 054 000	83 (45 000
Retained Income	9 051 (KK)	6 (94 000
	× 10.7 (400)	11 1 4 1041
Fully paid shares in issue	88 417 329	88 360 662
Earnings per share	100,2 cents	So,4 cents
	50.0 cents	
Dividends – paid and proposed per share	outo cents	43,0 cents

The worldwide economic slowdown has had a major impact on the South African economy. During the first half of the financial year there were drastic downward pressures on banking margins and liquidity as a result of which the trading climate in the first half of the year was quite different to the improved conditions prevailing in the latter half as is illustrated below:

	1982	1981
Taxed Operating Income First half year	R32 810 000	R31 535 000
Taxed Operating Income Second half year	R55 777 000	R44 849 (x)0
Taxed Operating Income Full year	R88 587 000	R76 384 000
A total dividend of 50 cents will absorb R44 216	000 leaving R44 371 (	100 to be added

to the reserves of the Group. With an expanded asset base and a free capital surplus of R110 000 000 available to the banks in the Group, the Directors are confident that the Group is in a sound position to achieve attractive growth in the year ahead.

#### FINAL DIVIDEND

Shareholders are advised that a final dividend has been declared of 37 cents which, together with the interim dividend of 13 cents per share, makes a total dividend for the year ended 30 September 1982 of 50 cents per share.

The final dividend will be payable to shareholders registered in the books of the company at close of business on 12 November 1982.

Dividend warrants in respect of this dividend will be posted on or about 7 December 1982.

Non-residents shareholders' tax will be deducted from dividends payable to nonresident shareholders.

The Transfer registers will close from 13 November 1982 to 19 November 1982. Shareholders who changed their address should notify the transfer secretaries

The Annual General Meeting of Shareholders will be held in Johannesburg on 7 December 1982 and the transfer registers will be closed for this purpose on this

By order of the Board

D.A. Peterson Secretary

26 October 1982 81 Main Street: Johannesburg Transfer Secretaries: Fraser Street Registrars (Pty) Limited Sage Centre, 10 Fraser Street, PO Box 61178

#### **CROSSWORD**

ACROSS	59 Con's contines 69 Golf's —— Cup	11 " could eat	36 Apprentice teacher
Man of wealth Newspaper	61 Hawaiian goose	12 Roman official 13 Lugged	37 Digitate, in a way
Sect. Dill Love feast	62 Prong 63 Integument	18 "The stag at	38 Clique 42 Puppet 43 Abandon
SW Alaskan island	DOWN .	19 Cosell's "rug" 24 Rostrum	44 Jordanian city, once called
Old fogy Suffered defeat	F7'77_	26 Toodle-oo 27 Word with fist	45 Subject 46 Chekhov
Old fogy			Philadelphia 45 Subject 46 Chekhov

17 Suffered defeat 27 Word with fist 2 Stravinsky 20 Pismire or horse 28 More rationa! 3 Army unit 29 Jokesters 5 Gaze upon 31 "Only a -1925 song & Less cooked 32 "All—

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28 Derby winner: 30 Operatic highlight 31 Erect 32 "Sympathy" partner 35 Suffered defea 39 Bay State cape

40 Subject of a Shandy' chapter 41 ---- an ear (listen) 42 Take the beim 43 Nobel Peace Prize cowinner: 1925 44 Having wings 47 Girl in a pool

50 "Holy Mountain" of the Greek Church 52 Kramer film:

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#### WEATHER

	HI	GH	L	W			HI	GH	L	W	
	C	F	Č	F			C	F	C	F	
ALGARVE	20	68	16	61	Feir	LONDON	16	67	14	57	<b>Overcost</b>
ALGIERS	24	75	15	.59	Feir	LOS ANGELES	29	82	15	57	Foir
AMSTERDAM	14	57	12	54	Rain	MADRID	17	63	8	46	Overcust
ankara	18	64	-7	19	Fair	MAHILA	30	86	24	75	Cloudy
ATHENS	22	72	9	48	Fair	MEXICO CITY	24	75	7	45	Cloudy
AUCKLAND	16	θl	9	48	Cloudy	MIAMI	29	24	24	75	Cloudy
Bangkok	34	93	24	75	Fair	MILAN	10	50	В	46	Cloudy
BEIJING	14	57	1	34	Fair	MONTREAL	16	61	10	50	Cloudy
8£IRUT	_	_	_	_	N.A.	MOSCOW	6	43	0	32	Overcost
BELGRADE	6	43	4	39	Overcost	MUNICH	16	61	2	36	Fair
BERLIN	15	59	17	,22	Overcost	NAIROBI	24	75	14	57	Foir
BOSTON	23	73	14	57	Cloudy	NASSAU	31	88	21	70	Cloudy
BRUSSELS .	75	59	11	52	Cloudy	NEW DELHI	20	86	18	4	Fair
BUCHAREST	15	35	-2	25	Fair	NEW YORK	23	73	14	57	Fair
BUDAPEST	. 7	45	6	43	Overcost	NICE	18	44	11	52	
BUENOS AIRES	14	61	12	54	Overcost	OSLO	12	54	2	34	Fair
CAIRO	28	82	16	٥Ì	Foir	PARIS	14	57	5	4	Foggy
CAPE TOWN	25	77	ŀβ	61	Fair	PRAGUE	17	43	ă	37	Fair
CASABLANCA	72	72	13	55	Fair	REYKJAVIK	2	36	ā	32	Falc
CHICAGO	16	61	15	-59	Rain	RIO DE JANEIRO	26	79	16	61	Fair
COPENHAGEN	12	54	11	52	Overcost	ROME	22	72	7	45	Fair
COSTA DEL SOL	19	66	17	63	Clondy .	SAG PAULO	24	75	15	59	Fair
DAMASCUS	22	72	5	41	Fair	SEOUL	15	59	5		-Fair
DUBLIN	10	50	6	a	Overcost	SHANGHAL	21	70	13	55	Fair
EDINBURGH	11	52	4	37	Cloudy	SINGAPORE	22	90	23	73	Fair
FLORENCE	16	61	5	41	Fair	STOCKHOLM	12	54	7	45	Fair
FRANKFURT	10	20	5	41	Cloudy	SYDNEY	19	"	13	55	Claudy
GENEVA	٥	43	.1	34	Foggy	TAIPEI	24	75	20	48	Fair
HARARE	30	86	18	64	Foir	TELAVIV	25	10	74	57	Fair
HELSINKI	8	46	-2	28	Cloudy	TOKYO					
HONG KONG	26	79	21	70	Overcost	TUNIS	19 21	66 70	15 14	59	Cloudy
HOUSTON	27	84	21	70	Cloudy	VENICE				57	Cloudy
STANBUL	18	64	. 8	46	Fair		12	54	7	45	Fair
JERUSALEM	22	72	12	54	Fair	VIENNA '	6	4	4	37	Rein
LAS PALMAS	22	72	19	66	Cloudy	WARSAW	16	41	6	43	Overcost
LIMA	24	75	14	57	Overcost	WASHINGTON	29	84	76	63	Fair
LISBON	21	70	15	59	Fair	ZURICH	10	<b>50</b>	4	19	Cloudy
			R	aodi	nes from th	e previous 24 hours.					

#### ADVERTISEMENT INTERNATIONAL FUNDS NOVEMBER 2, 1982

The net asset value quatotions shown the exception of some funds whate quality marshall symbols indicate frequency daily/(w)—weekly/(m)—monthly/(b)—irregularly.	below are supplied by the Funds listed with as are based on issue prices. The following of quotetions supplied for the IHT: (d)— bi-monthly; (r)—regularly;
BANK JULIUS BAER & Co Ltd   SF 77215;   (d ) Boerbord   SF 821,00   Colbor   SF 821,00   Cd ) Grober   SF 820,00   Cd ) Sfockbor   SF 785,00   SF 1064,00   SF 10	UNION BANK OF SWITZERLAND:  - (d   Amccu U.S. Sh
- BANK VON ERNST & Cie AG PB 2422 Bern - (a ) CSF Ford - SF 26.48 - (a ) Cressbow Fund - SF 5.71 - (d ) ITF Fund N.V S 12.42	IINION INVESTMENT Engalshirt
BRITANNIA, PO 80x 271, St. Heller, Jersey — (w) Universal Growth Fund	
CAPITAL INTERNATIONAL — (w) Coping Int'l Fund	(w) Alexander Fund. \$14.37 (m) Al-Mai Trust. \$112.63 (r) Ardo Finance I.F. \$863.90
CREDIT SUISSE	(wr Trustor Int. Fd (AEIF) \$9.0 (wr Bandselex - Issue Pr. \$727.7 (wr) Cindel Fund. \$12.75 (int) Cleveland Offshare Fd. \$1236.18 (b) COMETE. \$229.9 (wr Carriert, Fd Int. A Certs \$229.9
DIT INVESTMENT FFM	(w) D.G.C
FIDELITY PO Box 670, Hamilton, Bermude — (m) American Values Common \$1.9.7 — (m) American Values Cum, Pref. 5102.30 — (d) Fidelity Amer. Assets	trip Corrency Trust   \$2.00    (w) D.S.C.   \$2.00    (w) Draytus Fund InfT   \$2.00    (d) Energy Inft IV.V   \$3.150    (d) Energy Inft IV.V   \$3.150    (w) First Ecole Fund   \$7.20    (w) First Ecole Fund   \$9.20.00    (w) Forselex Issue Pr   \$9.20    (w) Forselex Issue Pr   \$7.15    (w) Forselex Issue Pr   \$7.15    (w) Forselex Issue Pr   \$7.15    (d) Fondition   \$1.00    (d) Fond Frust Intertins   DAC.PS    (d) Fond Inft Iv.V   DAC.PS    (d) Fideward Inft Iv.V   DAC.PS    (d) Fideward Inft Iv.V   DAC.PS    (d) Fideward Inft Iv.V   DAC.PS    (e) Indexeur Aluthbonds   \$1.00    (e) Indexeur Aluthbonds   \$1.00    (e) Intertind S.A   \$1.00    (e) Internarias Fund   \$2.00    (e) Internarias Fund   \$2.00    (f) Investion IV.S   DAC.PS    (f) Investion IV.S    (f) I
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INTERNATIONAL INCOME FUND 29-34 HIJS 1,5 I. Heller . Jersev - id 1 Short Term 'A' (Accum) \$1,1666 - id 1 Short Term 'A' (Distr) \$1,1266 - id 1 Short Term 'B' (Accum) \$1,0546 - id 1 Short Term 'B' (Oistr) \$1,0546 - id 1 Short Term 'B' (Oistr) \$2,0772 - id 1 Chory Term \$2,2356	(c) Invest Attordiques
JARDINE FLEMING POB 78 GPD My Kome  - (b) J.F. Joseph Trust	(d) L.Gulboer
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RBC Investment Mors. PO Box 244, Guerrisey —+(w) RBC Ini <sup>11</sup> , Opitial Fd	(w) Transactific Fond 345.08 (d) UNICO Fund DM 71.09 (w) United Cap Inv. Fund 52.29 (w) Wedge Janon N.V. 547.24
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SOFID GROUPE GENEVA — (r ) Porton Sw. R Est 5.F 1.460.50	(w) Worldwide Securitys
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TOO MANY PEOPLE WILL ONLY REMEMBER THAT I

WAS SUED! NOW I WISH THE CASE HAD GONE

TO TRIAL!



HEY, C'MON, L'ACEY, THIS

IS YOUR

BIG MO

I DON'T SEE WHY YOU'RE

THROUGH THESE

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IT MOST CERTAINLY IS NOT! THERE'S BEEN NO EXCHANGE

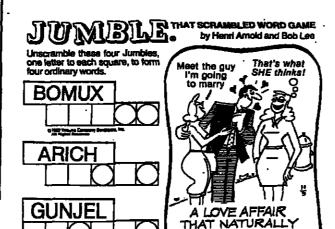
LOGUE! THE VOTERS WERE

OF VIEWS, NO RUBLIC DIA - HERE

RUE! THE VOTERS WERE IT PROBBED OF ANY KIND COMES







HAS A MAN IN THE MIDDLE OF IT. LAUTAC Now arrange the circled letters to form the surprise answer, as sug-gested by the above cartoon.

Print answer here: Jumbles: THYME LINEN INVADE BELFRY Answer: The best way to keep thin is not to exceed this—THE "FEED" LIMIT

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BUT I DON'T WANT THIS DUMB LITTLE BOOK! I WANT MY FIVE DOLLARS!

#### **BOOKS**

THE NUCLEAR DELUSION

Soviet-American Relations in the Atomic Age By George F. Kennan. 207 pp. \$13.95. Pantheon, 201 East 50th St., New York, N.Y. 10022.

Reviewed by

Christopher Lehmann-Haupt

GEORGE F. KENNAN'S "The Nuclear Delusion" is a civilized man's passionate and intelligent appeal to the United States to come to its senses and forsake the insanity of the nuclear arms race. It takes the form of a collection of articles, interviews, speeches, and excerpts from the author's previous books. It is on the whole ever so sightly repetitive, yet all the more effective for being so, insofar as each repetition extends our grasp of a particular topic.

Its point is the author's ultimate be-lief that "this entire preoccupation with nuclear war is a form of illness. It is morbid in the extreme. There is no hope in it — only horror. It can be understood only as some form of subconscious despair on the part of its devotees — some sort of deathwish. a readiness to commit suicide for fear of death — a state of mind explicable only by some inability to face the nor-mal hazards and vicissitudes of the human predicament - a lack of faith, or better a lack of the very strength that it takes to have faith, as countless of our generations have had it before

What does Kennan propose that we do? He suggests first of all that we understand the Soviet Union. He is most effective here, for obvious rea-sons, not the least of them being that he is a former ambassador to Russia (in the days when we still sent experts to our Moscow embassy, and then re-lied on them in our diplomatic deal-ings), as well as a specialist, now teaching at the Institute for Advanced Study at Princeton, in the history of Soviet diplomatic relations.

He tries to give us some historical perspective on Russia, pointing out that far from being the embodiment of Marxist-Leninist ideology, the Soviet Union today very much resembles, in its diplomatic objectives and quirks of national behavior, pre-revolutionary Czarist Russia. Just as one example of this behavioral conti-nuity, Kennan reminds us that in December 1911 the U.S. House of Representatives "adopted almost unani-mously a resolution calling on the president to terminate the old trade treaty with Russia that had been in force ever since 1832," the purpose of this resolution being "to compel the Russian government to liberalize its treatment of Jews within Russia." Whatever else this accomplished, it cooled off Russian-American relations down to the revolution of 1917,

And Kennan exhorts us to see the world from the Soviet Union's point of view, reviewing the various historical, geopolitical, strategic, economic and psychological reasons why it would not at all be in the Kremlin's interest to act out the worst-case scenarios that our military theorists' tend to fantasize and terrify us with. What Kennan's arguments finally boil down to, if I may paraphrase, is that if the Soviet Union is really the monster we have been assuming it to be, then all is lost anyway. So why not at least pretend, for the sake of the world's residual that its people are as human survival, that its people are as human as we are? Where Kennan is somewhat less ef-

fective is in his more specific proposals for what the world can do about braking the nuclear arms race, which, he firmly believes, has begun to feed on its own mad logic and has reached its most dangerous point in history. At great pains to prove himself neither an advocate of unilateral disarmament nor an opponent of a conven-tional arms' buildup, he nevertheless asks the United States to renounce on principle the right of "first use" of nudear weapons. He calls on America to offer, on the basis of reciprocity from the Russian side, to give up all



testing of nuclear explosives of any

And he "would like to see the presi-And he would like to see the presi-dent couple" an appeal for a mutual Soviet-American 50-percent reduction of all nuclear weapons "with the pro-posal that there be established a joint Soviet-American scientific committee. under the chairmanship of a distinguished neutral figure, to study jointly and in all humility the problem not only of the safe disposal of the resulting "wastes but also of how they could be utilized in such a way as to make a positive contribution to human life, either in the two countries themselves or — perhaps preferably—elsewhere. In such a joint scientific venture we might both atone for some of our past follies and lay the foundation for a more constructive relation-

Under more usual circumstances, this proposal might sound naive. But such is Kennan's passion and elo-quence, not to speak of the grimness of the picture he draws, that it sounds like the last best hope for humanin. Where he is not reassuring is in his failure to touch on the problem of nuclear proliferation: Will it really be the superpowers that start the ulti-mate conflagration, or some obscure fanatical leader determined to sink the world along with his tiny country?

And how are we to get rid of all nuclear weapons in the world, thus assuring ourselves that no one will blackmail us in the event of near uni-versal disarmament? Of course, such worst-case paranoia is precisely what Kennan is fighting. His aim is to bring the United States and the Soviet Un-ion to their senses, not to point the way to a nuclear-free utopia, Still, one can't help wondering if the real solu-tion to war in this fearful new world that has dawned isn't the absolute certainty that any concerted act of international violence may well lead to nuclear holocaust. How else end war as a tool of diplomacy, except to render it absolutely pointless? And isn't that what nuclear weaponry has accom-

Christopher Lehmann-Haupt is on the staff of The New York Times.

#### **BEST SELLERS**

The New York Times This list is based on reports from more cokstones throughout the United States

	FICTION		
ľ		Led Week	
1	SPACE, by James A. Michener	i	
2	MASTER OF THE GAME, by Sidney Sheldon,	2	
3	THE VALLEY OF HORSES, by	_	
4	Jean M. Aud. E.T. THE EXTRA-TERRES-	3	
	TRIAL STORY-BOOK, by William Kotzwinkle	4	
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,	Stephen King	6 5	
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CLOAK OF DARKNESS, by MAX, by Howard Fast THE PRODIGAL DAUGHTER.

by Jeffrey Archer

13 SECOND HEAVEN, by Jodith
Guest

14 LIFE, THE UNIVERSE AND
EVERYTHING, by Douglas
Adams THE PARSIFAL MOSAIC, by Robert Lucium.

NONFICTION IANE FONDA'S WORKOUT
BOOK, by Inne Fonda ........
LIVING, LOVING AND
LEARNING, by Lee Busczefia ....
LIVING EXTENSION, by Durk
Pearson and Sandy Shaw .....
WHEN BAD THINGS HAPPEN TO GOOD PEOPLE, by Harold S.

TO GOOD PEOPLE, by Harold S. Kushner.

THE ONE MINUTE MANAGER, by Kenseth Blanchard and Speers Johnson.

IANE FONDA'S WORKOUT BOOK FOR PREGNANCY, BURTH AND RECOVERY, by Fenney Delyser.

THE G SPOT, by Alice KahnLadas, Beverly Whipple and John D. Perry.

AND MORE BY ANDY ROONEY, by Andrew A Rooney.

INDECENT EXPOSURE, by David McClintick.

ATLANTIC HIGH, by William Buckley fr.

NO BAD DOGS: The Woodhouse

NO BAD DOGS: The Woodhouse Way, by Barbara Woodhouse WEIGHT WATCHERS FOOD PLAN DIET COOKBOOK, by Jean Niderth LANA: The Lady, the Legend, the Truth, by Lana Turper... A LIGHT IN THE ATTIC, by Shel Silversiein... A FEW MINUTES WITH ANDY ROONEY, by Andrew A. Rockey.

hearts. But he saw another play that offered a chance of 12 tricks if, as was likely. West held the heart king and the diamond ace.

A diamond was led and West had

to play low. The queen won in dum-my, and South's plan was to take eight more tricks in the black suits

and set West up for an end-r', in order to keep the guard for i wear king he would have to bare the dia-

mond ace, so a diamond lead would give South 12 tricks by forcing a lead

The bad spade ruled out this posi-bility and South now had to work to make 11 tricks. After nine tricks the lead was in his hand in this position:

NORTH

**6**5

#### BRIDGE

By Alan Truscott

TN the diagramed deal, South 1 opened one no-trump, using the Precision System. West's overcall of two clubs conventionally showed a long suit somewhere, and this proved to be hearts. North showed a strong hand with a cue-bid in hearts and sug-gested spades. South insisted on no-trump, but had to play at the level of

four.
West hoped the club nine would be a safe lead, but it was not. South won with the ten and saw that he had an easy road to 11 tricks by playing

NORTH ♦K742 **♣**K43 WEST **4** 108762 ♥K965432 **♦** 353 **♦A106** SOUTH (D) **419** VAQ108 849¢ **♣**AQ108 North and South were The bidding; South 1 N.T. 2**♦** 2∇ Dbl. 3 ♥

Pass

Pass

**⋄ K**7 WEST OK9 фА10 SOUTH **VAQ** 0.09

from the heart king.

If West had bared the diamond act. South would have led that suit. As it was, South judged the position cor-rectly. He led the heart are followed by the queen, and scored his diamond king at the finish to make I I tricks.

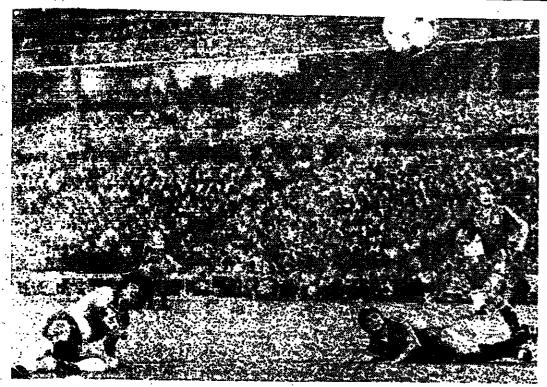
Pass

3N.T.

Pass Pass

West led the club nine.

#### **SPORTS**



Kevin Keegan, left, headed a scoring thrust in England's 0-0 tie with Spain in the 1982 World Cup.

## Keegan: A Falling Star Caught Out

LONDON - Hell bath no fury like a superstar on the wane. Nor was any man so determined to extract his pound of flesh than a player's agent scorned.

With apologies to the Bard, a
British high court has just conclud-

ed sad testimony to the greed of the modern sporting idol and the parasites who feed off his back.

Kevin Keegan, the falling star in question, lost in court, where he was sued by his former agents for breaking a contract. The damages he is to pay will be assessed after he and his equally culpable current agent produce accounts of the off-the-field £100,000 or so — about \$168,000 — the player is thought to have received during the 14month period of dispute.

But Keegan loses far more. He has been adjudged to have lied in court. He was found to have a "cavalier attitude" toward contracts.

Such ruination of a painstaking-ly built public persona, and such unveiling of the shady dealings of soccer-boot manufacturers and of players' so-called commercial advisers, can be of no benefit to the declining appeal of one of the game's stars.

That is picking at the warts of a player whose youth is in flight. Keegan is not yet at the base of the downward spiral - the pit where, unable to cope without celebrity, many turn to drink, drugs or psychiatric clinics.

Keegan has, however, passed 30, the dreaded age of sporting menopause. A Liverpool attraction of the early 1970s, Hamburg's past triumphs and traumas. Ouch. Mouse" and European footballer of the year in 1978 and the is a messiah who can lift the 1970 be captained England at the game," said Best, "and that I am World Cup (where his the bewiskered Harry recent agent. Swales, oversaw the national team's commercial booty).

England, it's true, wants Keegan no longer. Yet despite his petulant and highly paid newspaper out-bursts. Newcastle has taken him in. There, resuscitating a dormant soccer hotbed, his name brings in 30,000 supporters and banks him

The early-season successes are fading, but at least one more platform — possibly the rich ele-phant's graveyard of the North American Soccer League's New York Cosmos — beckons before

K.K. is put out to grass. Keegan, with a sharper eye than most for hype, must have seen that what goes up will eventually slither

#### down. The media, and public, call ROB HUGHES

the tune: We create false gods, and all but the most carefully pre-served are turned to stone. Too late does time add rosier hue to past achievement.

Significantly, Keegan is now learning that the stars themselves are not permitted to play the backstabbing game.

"George Best," Keegan said gra-tuitously in court, "had given foot-ballers a bad name. I saw it as my job - and I wanted to be the one - to repair that image. How dare he? That George Best

had, through women and booze and truancy, not only deprived himself of genius but also tarnished his fellow player's image, are observations for us, and not latterday idols, to make.

The media swiftly sprung to

Best's defense. And Bestie himself, still forlornly hankering after another comeback, leaped at the invitation to throw a knife or two of his own.

"Keegan couldn't lace my boots as a player," he announced on ra-dio in Manchester, the city of his But there was more. "He thinks the one who brought it into disrepute. He was in court for something he had done wrong, so why

should he bring my name up?"

As a parting shot, Georgie had this to say: "If Keegan had been made European footballer of the year 10 or 15 years ago, it would have been an insult to the game. He's a manufactured player, selling his name not because he's a great athlete but because he has



Calgary's Jamie Hislop had made a drop pass before screening out New Jersey goalie Chico Resch; Kevin Lavalee then put some a 20-foot wrist shot to the short side, opening the scoring n the Flames' 6-3 NHL victory Monday. Lavalee tallied a second goal and teammate Lamy McDonald turned in a hat trick.

#### NHL Standings



personalities."

An independent arbiter might separate Best and Keegan thus: One was the closest the British Isles has come to producing athletic genius, the other a model to a generation that revered industry ahead of flair. In squandering his skills, Best fell prey to every temptation; Keegan ran and ran to squeeze out every ounce of his more modest endowment.

Opposites. But both tripped up on the wheel of fame, the irrational, nearly inhuman way we put personalities on pedestals, only to pickle their souls. And both have been susceptible to the scourge of the age — the agents who flock like moths to the flame.

Agent Swales shared Keegan's ignominy at Leeds High Court, where Public Eye Enterprises, Keegan's former agents, won damages for the broken 1976 contract.

"Mr. Keegan and Mr. Swales put their heads together," ruled Mr. Justice McCowan, "and planned that Mr. Swales would give in his notice [as a director of Public Eye] and Mr. Keegan would abandon them and employ Mr. Swales as his agent."

Keegan had denied "doctoring"

boots to disguise them as a rival firm's. He denied receiving £500 for wearing boots at a particular match. The court heard that he received £110 per article for a Dai-Express column dating from 1973, that a clothing contract was lost because he made little impact on sales, that he failed to turn up for filming a gravy advertisement.

But his integrity was most significantly damaged when peated claims that he thought the Public Eye contract had been for three, and not five, years: "He is intelligent," summed up the judge. "He was and is interested there is no reason why he should not be - in making as much mon-ey as possible out of the fame he acquires. But I have no doubt that Mr. Keegan knew this was a fiveyear contract and he never forgot it."

Keegan was not in court when judgment was delivered last Wednesday. He was playing, ironically, a home cup match against Leeds United. Newcastle lost, 4-1. By sheer coincidence, Newcastle then traveled to Leeds for Saturday's league match.

Keegan's team was beaten again, 3-1. And at the height of ugly crowd disturbances, Keegan was felled by a ball bearing thrown at his temple by a hooligan in the crowd.

"I thought," he said later, "I had been shot." Some former players say that is the kindest way to end a career of forced stardom. The other path is, often, a humiliating disintegration.

#### College Football Polls

The Associated Press

NEW YORK — The top 20 teams in The Associated Press college football poll, with first-place value in parentheses, season records and total Pittsburgh (48)

United Press International NEW YORK — The United Press Info ol board of cooches' top 20 college fool legs, with first-place votes in parenthese 1, Pittsburgh (33) (7-0) 2. Georgia (1) (8-0) L So. Methodist (5) (8-0) L Arkaness (2) (7-0) L Nebrusko (1) (7-1) . Penn St. (7-1) & UCLA (7-0-1) 11. Florido St. (6-1) 12, Okiohomo (4-2) 13. No. Carolina (5-2) 14 Clemson (5-1-1) 15, Michigan (6-2) 19. Tetros 16-7.

20. Notre Dome (5-1-1)

15

(By egreemest with the American Football
Cacches Association feams on NCAA probation
rer ineligible for too 20 consideration by UPI.
Currently on probation are Artsona St. Oregos
and Southern Col.)

Transactions

the state of the s

#### where four people can dictate to 22 — it's chaos," said Chicago White Sox President Eddie Einhorn.

CHICAGO - Abner Doublelay, some say, invented baseball. His great-great grandnephew, Nel-son Doubleday, fired a commissioner Monday, many will say, and thus threw the old game into disar-

Doubleday, owner of the New York Mets, emerged as the central figure in a National League coup that ousted Bowie Kuhn from office after nearly 14 years as the sport's commi In the vast Rosemont Ballroom

By Thomas Boswell

Washington Post Service

of the Hyatt Regency Hotel, baseball's 26 owners sat and voted on a last-ditch compromise proposal to give Kuhn a three-year contract The vote was 7-5 in the National

League and 11-3 in the American - both in favor of Kuhn. But re-election requires 10 yes votes in the American and nine in the Na-

"After 14 years, I got 70 percent of the vote. Most places, that's a landslide," said a "keenly disap-pointed" Kuhn, who will serve out

the remainder of his lame-duck term until Aug. 13, 1983.

Kuhn's majority of supporters were in a barely disguised fury; the five National and three American League clubs that voted against - New York, St. Louis, Houston, Atlanta and Cincinnati in the National and New York, Texas and Seattle in the American were loath to gloat over a victory that may have bitter repercussions

"No self-respecting man would accept this job after the abuse Bowie Kuhn has taken," said Cali-fornia Angel President Buzzy Bavazi. "For the last 50 years in baseball, our own worst enemies have been ourselves. We can't solve our problems with our present mode of

voting."
"We are victims of a system

"Some people in baseball thrive on the anarchy of the game as it now

"This fight started as a debate over the nature of the commissioner's office; then it became an issue the man in the office.... Once we got into that room, it was just a motion, a vote, and, man, it was all

Kuhn outlined how a compromise had failed. He and Lou Sus-man, a St. Louis lawyer, had worked out a scheme that would have created the position of president of baseball, to be filled by a business executive. All baseball department heads would have reportto the president, who would have reported to Kuhn; the commissioner, in turn, would have been answerable to the sport's 10man executive council.

Susman then went to Doubleday, with whom he had a pact to act in concert. "Susman went back to his allies." said Kuhn, "but he couldn't convince them to accept the compromise."

According to sources, Houston owner John McMullen was instrumental in convincing Doubleday not to support Kuhn, "Everybody knows where we stand. We haven't changed," said Doubleday before the final meeting. "No one has changed."

Baseball's hierarchy, its basic structure, its direction for the rest of the 1980s, could hardly be in a more complete state of confusion. Asked if the sport may soon find such issues as restructuring and the commissionership thrown into indefinite limbo, Kuhn said: "Given our problems, there is a real danger of it.... How do we get out of the whirlpool we're in?"

"Hopefully, the game will be better for this," said Doubleday, the inheritor of a publishing for-

the NBA title. When the navicular

bone snapped in his left foot 14

"I thought it was over," he said recently. "Knees, ankles, feet —

rich man. He thought he had.

tune, as he left Chicago for vaca-tion in Europe. "We need to decide on a commissioner first. A lot will depend on who that is. Restructuring will have to wait until

all this is cleared up."

"I don't know who'd take the job." said Montreal Expos President John McHale, one of the few men so far mentioned to succeed Kuhn, "You wouldn't believe some of the crazy reasons that were given for voting against him his opening the spring training camps in '76, the split season, voiding trades, . . . It was like every tough decision he ever made, they put a black mark by his name.

"After you've sat in those meetings and heard the reasons that were given, it's enough to scare away anybody."

Yankee owner George Steinbrenner disagreed, saying, "Base-ball's a resilient game. It will survive all of this. No one can tell me that there isn't someone out there in this great country of ours who can be commissioner of baseball."

How can baseball arrive at any new system of voting when the anti-Kuhn forces are afraid that any change in the parliamentary rules might open the way for Kuhn's return?

"In one meeting, I asked, kind of sarcastically, What is the voting going to be on the new voting?" said Chicago's Einhorn. "I think it's just going to be the old voting... The whole point is that the system we have now lends itself to special-interest voting. All I've seen since I've been in this game is special-interest deals. Kuhn supporters already are

interesting to see how vindictive some people are," said one pro-For that matter, no one can say for certain that Kuhn won't still rise from the dead and remain

talking revenge. "It's going to be



**Bowie Kubn** 

Seventy percent of the vote: 'How do we get out of the whirlpool we're in.'

August," said Montreal's McHale. "I would not say that Kuhn's time as commissioner is necessarily over. A lot of things can happen in nine months. Votes change.

As a bizarre twist, if baseball

has made no progress toward find-ing a new commissioner by Aug. 13, then the sport's executive council must name an interim commis-sioner. And the council is exactly the heavily pro-Kuhn body that, Kuhn said Monday, implored him to stay on the job.

Asked if he could be drafted to

'There's time between now and come back, Kuhn said, "I would consider it. I'm not sure I would take it."

"We've just rejected the guy who has probably done more for the game than any other commission-

er," said McHale. What we have is a small group of owners that favors extreme laissez-faire. There are some clubs that just don't want any restrictions or discipline. They seem to work on the theory that it'll all work out in

the end. "Some of us are afraid it's not that easy."

#### NBA's Walton Hits the Comeback Trail Again so that it strikes the ground differ-

SAN DIEGO — Most basketball

careers are measured by statistics, some by championships and a few by million-dollar contracts. Bill Walton's has been measured by injuries and comebacks.

The latest comeback officially began Friday night, when the 6foot-11-inch center played in his
first National Basketball Associanothing was getting better. You tion game in nearly three seasons. In a losing cause against Phoenix, Walton played 28 minutes for the San Diego Clippers. He hit nine of 15 shots from the field, pulled in nine rebounds, drew five fouls and scored 20 points.

It was not vintage Walton, but it was Walton. Another comeback is family. I sort of hid from basketunfolding.

"How many does this make?" Walton asked rhetorically. Three," someone responded. "You didn't know me in high school or college," said Walton. As early as the ninth grade, Wal-

ton was cautioned by doctors to go easy. At that time his feet could not support his advanced size. At UCLA, his knees were the problem and he was allowed to play only five days a week. Now he's back under another formula: While healing - no one knows how long it will take - he will be playing once every five days.

Walton wants to play, but doesn't have to. His five-year, \$1.7million contract with the Clippers is guaranteed by Lloyd's of Lon-

Walton was traded to San Diego by Portland in 1979, two years af-

Murphy, Yount

Top TSN Picks

ST. LOUIS - The Sporting

News has named Atlanta Brave centerfielder Dale Murphy and shortstop Robin Yount of the

Milwaukee Brewers as its National

League and American League players of the year. The newspaper

also announced late Monday that Philadelphia's Steve Carlton (23-11) and Toronto's Dave Stieb (17-

14) had been selected pitchers of

the year.
Other National League TSN all-

stars were first baseman Al Oliver,

catcher Gary Carter and right-handed pitcher Steve Rogers of Montreal second baseman Manny

Trillo and third baseman Mike

Schmidt of Philadelphia, shortstop

Smith of St. Louis and right fielder Pedro Guerrero of Los Angeles.

Other American League selec-

tions were first baseman Cecil

Cooper and center fielder Gorman

Thomas of Milwaukee, second

baseman Damaso Garcia of To-

ronto, third baseman Doug De-Cinces and pitcher Geoff Zahn of California, left fielder Dave Win-

field of New York, right fielder

Dwight Evans of Boston, catcher

Lance Parrish of Detroit and des-

ignated hitter Hal McRae of Kan-

The Texas Rangers late Monday signed Dong Rader to a one-year

managerial contract, The Associat-

ed Press reported from Arlington,

Texas. The Rangers finished the

1982 season with a 64-98 record.

29 games behind California in the

league's Western Division. Rader

replaces interim manager Darrell

Johnson, who took over in July

Rader, 38, had managed Hawaii

of the Pacific Coast League and

had coached for the National

third baseman, he was a five-time

from the fired Don Zimmer.

Rangers Tap Rader

sas City.

Ozzie Smith and outfielder Lonnie

only have so many seasons. I had lost one before this... There comes a time when there are no seasons left.

"So I had no control over basketball. I tried to put it out of my mind and concentrate on other things, like law school and the ball. I wanted to play so much, but it hurts to be so close. You start mote. You go on to other things.

You do that or go crazy." In 1980, with his basketball future ever dimmer, Walton sought an answer that would allow him to walk without pain more than a quick cure to get back to the bas-ketball court. He turned to his longtime personal physician, Dr. Tony Daly, an orthopedic specialist from Los Angeles.

"There was never a big injury item," said Walton. "That's what made it doubly tough. You'd think, 'O.K., if we get over this,...' But there was always the next time "

Daly did more surgery, but he never spoke of basketball. He kept Walton off the foot for half a year. Then he put him on progressive

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therapy that took a year. As the months were on, Walton began thinking about playing again.
"Everything about the foot is

ently. It does things it didn't used to do when I land and push off. "The middle of the foot is restructured. It doesn't sound like much, but it's the world to me. About eight months ago, I felt as well as I ever had. My thoughts turned to the game." Walton began turning up in gyms. He practiced, but only under the supervision of doctors who tempered his enthusiasm.

The biggest thing I have to fight against is the temptation to speed up," said Walton. "I'd love to play every day. When I look back, I think I've been my biggest enemy. I think I've tried to play in

the past before I was physically

ready. This time I'm not allowing myself to control the timetable. Not playing pains him, but not as much as playing in pain. Walton has drawn on his personal history to leave American sports two thoughts worth contemplating:

Minor surgery is when it's to the other guy." • "Pve never heard athletes as proud of playing with pain as sportswriters are."

'Pain must be a relative thing," he said. "Am I in pain now? Does the foot hurt? I don't think so. When you consider the amount of pain I've been in before, no, the foot doesn't hurt.

"I don't have any fears about getting hurt in a game. When I awake in the morning, though, it's always among my first thoughts:

So far it hasn't been, and Walton is taking great care to see that it doesn't return.

"I don't try plays I can't make," he said. "The only real playing concern is not to sprain an ankle, not to weaken anything in the

"I've been noticing improvement. I hope it's real improvement and not imaginary. I do get winded. I'm not in top shape. I've got to get to the point where I can play more minutes.
"But I'm doing a lot of things I

wasn't doing a month ago. I'm not able to make some moves I want to make, but partially that is the resuit of not playing very much. I felt a lot more confident out there than I thought I would. "I'm not thinking in terms of

having to win, although that get harder to avoid. That will be a great moment, when all this is be-hind us and we can talk basketball . . . about winning games and not the foot."

For the time being, Walton is a second-year law student at Stanford and a part-time NBA player. But Walton and Clipper Coach Paul Silas have an understanding about the timing of the comeback. "If I could play full-time, I

might agree that being away like this wouldn't be constructive." Walton said. "But I can't play fulltime now. The club knows this. My teammates know this. I think returning to school has helped me.

"I'm not sitting around thinking about basketball."

Will the pain be back?" CLASSIFIED ADVERTISEMENTS

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# **Bill Walton**

different," he said. "Tony rebuilt it

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Mary Cunningham Talks About Her Life in the Spotlight

By Lois Romano Washingson Past Service NEW YORK — Heads turn, celebrity whiplash. The mai-tre d' at The Four Seasons knows. Mary Comingham by name. Hands tucked into the pockets of her white wool skirt, she strides right past the six businessmen waiting for tables. Waiters serve her a specially prepared salad at her favorite table, on the balcony, away from the commotion.

She says she hates publicity.
"I have my moments when I get
down on my knees and say Why
me, Lord? What did I do?" she says. "But it's part of living to suf-fer and part of leadership to be controversial. One lady said to me just recently, 'Mary, just realize, this wouldn't be happening to you if you were a lesser person."

Mary Cunningham has baffled

observers ever since publicity about her relationship with William Agee, chairman of the Bendix Corp., led her to resign a toplevel job at that company two years ago. At 29, her corporate comet took a rapid detour off the financial pages and into gossip-column speculation about just what did go on between them outside the Bendix board room.

Nothing Agee and Cunning-ham repeatedly said. Four months later Cunningham landed as a vice president for strategic planning of Joseph E. Seagram & Sons Inc. at a salary estimated at more than \$100,000. Later she married Agee. Her personal relationship sincerity of who I am. And I'm not with Agee developed after she left going to hide my light under a bushel basket either.

Several weeks ago, Cunning-ham was in the spotlight again this time both as Agee's wife and a pivotal player in a corporate melodrama of high stakes, private

jets, power and romance.
Although she was involved throughout the six-week Bendix effort to take over Martin Marietta, Cunningham did not emerge publicly until the final round of negotiations. She boled up in a room near Marietta's Bethesda, Maryland, headquarters in case her husband wanted her on-thespot advice. Marietta executives denied reports that Cunningham's presence was a factor in their

scrapping the delicate deal. Agee and Cunningham have

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William Agee

said they didn't understand the fuss. But businessmen around the country nurmured none too quietly: The Bill and Mary Show is on the road again.

I don't perceive myself that way . . . manipulative and conniving. . . . It goes right back to two years ago. That's a manipulative thing - a woman who would sleep her way to the top. She would even use her body to connive a man into giving her something she didn't

Now, if in the process of how I communicate or conduct myself, people find that so persuasive, I can't do a heck of a lot about that . . . It could be just the sheer

It is unclear who first had the idea for Bendix to try to acquire Martin Marietta. Popular wisdom in the business world puts Cunningham behind what was probably the biggest move in her hus-band's career. "I wouldn't take sole credit for it being my idea," says Cunningham, who agrees that her husband was embarrassed by the episode.

She says she was a full-time, although an "informal," adviser to Agee during the battle — from 6 A.M. meetings at the Helmsley Palace Hotel, a few blocks from her New York office, to after-5 strategy sessions in the Bendix

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suite there. The discussions often lasted all night.

"What was I supposed to do? Retire into the bedroom like the dutiful wife?" she asks. Ultimately, Marietta retaliated, and Agee brought in Allied Corp., which bought Bendix in an arrangement with Marietta. Agee's consolation prize is the presidency of Allied, the No. 2 slot.

This is conservative corporate America, and you don't do anything to make or cause an issue in a sensitive deal like this," says one Agec ally involved in the negotiations. "From that perspective she should not have been there. . . . She's a senior executive of another company. . . . But she is obviously a great source of strength to him. . . . She's a very smart, but puzzling, individual."

Countless pop-pyschology theories have been voiced on Cunningham's personality.

"She is so intense, so driven, so possessed," said one of William Agee's longtime friends. "She thinks she's on a mission from God to reform the corporate world and everyone in it." After hearing this remark, Cun-ningham said, "Please, don't make me come out as a pious

Her story is now familiar: Catholic upbringing, Wellesley College, Harvard Business School, Bendix — where she so captivated the young chairman with her creativity and tenacity that theirs became a world of two.

Within 18 months, Agee promoted her to vice president for strategic planning with the comment to a meeting of employees, "It is true that we are very close friends and she is a close friend of my family, but that has nothing to do with the way I and others evaluate her performance."

The press went wild, and within two weeks, despite a vote of confidence from the board, Cunningham offered her resignation. It was accepted. Today, she calls that period at Bendix a "circus."

Cunningham is intense and focused during a recent two-hour luncheon interview in New York. She is all business and dressed for success: tailored white suit, brown silk blouse and sensible brown leather pumps. She says she buys

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all her clothes mail-order; mostly Talbot's and L.L. Bean. No time to shop. She never carries a pocketbook, only a briefcase.

Cunningham sees herself as a victim, a public example of what she says is anti-female bias in corporate America. She refers to the pain" she has experienced, how she has carried the burden of ugly rumors and innuendos. "I was mentally raped and that is not an overstatement," she says.

There are not a lot of examples of husband-and-wife teams as visible as Bill and I are, and I suspect as prominent as we are in our fields. So it means it has the potential for drawing attention. I think [Bill] has been through a bum rap. . He needs to be above it all. He can't afford to be defensive. . He's had a very, very unfair experience in the way this thing was portrayed.

Ever since Cunningham arrived at Bendix to be Agee's executive assistant in 1979, their relationship has perplexed observers. She immediately became his confi-dante and adviser, and he became her mentor. Many said she exerted a surprising influence over him. Says one executive who worked with Conningham at Bendix: "You couldn't get to Bill without going through Mary. . . . She might have taken her access and power too seriously... You have to be careful not to confuse yourself with the chairman in a job like that. . . . She used 'we' in a way

Cunningham describes their relationship as one of deep mutual respect and a friendship that grew into something else. They are a team, she says. They have even incorporated in Delaware. She is the president and he is the chairman of the dummy firm called Semper, which is Latin for "always."

that was not smart."

"Our little nest egg," she says.
"It's like describing faith when you talk about love," she says. "I hurt when he hurts, he hurts when I hurt. . . . What we have is a beautiful relationship. . . . It has everything — common faith, common values, professionally shared interests."

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That is why Cunningham sees nothing unusual about her presence at the Bendix-Marietta negotiations. "As the wife of William Agee, who is making one of the most significant business decisions of his career, that I have unique expertise and knowledge of — why shouldn't I be available to him as an adviser?"

So, she is told, she is having it both ways — wife and expert.
"Yeah. That's exactly right."
Perhaps the key to understand-

ing Mary Cumningham is to un-derstand an old-fashioned ap-proach to Catholicism and destiny, which puts a premium on suffering to save the world. In an interview with Parade magazine, she talked about being enlight-ened at St. Patrick's Cathedral.

There's a replica of the Fieta, and I looked at the face of Virgin Mary, and I saw the incredible pain as she held her son, who had been through the ultimate embar-rassment, the ultimate in being betrayed by everybody," she told the magazine. "All I could think of was a sense of indentification with the pain and, knowing how much Christ loved her. . . . Who was I to be upset about the pain that had come into my life? And how much he must love me to make me go through that."

Agee converted to Catholicism and had his 23-year marriage annulled, rather than divorce, so that the two could be married in the Roman Catholic Church. Cunningham also had her previous marriage annulled.

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Following the rash of stories, Agee and Cunningham retained a lawyer, John J. Walsh, to "examine things written about them," Walsh says. "We are interested in better and more balanced coverage.

Cunningham was hired by Seagram's to consolidate and formulate a strategy for its diversi-fied wine business. She was later promoted to executive vice president, planning, for The Seagram Wine Companies.

It has been suggested by other Seagram's executives that one reason she was brought into the company may have been to raise its profile. "After all, every time there's a story on Mary, Seagram's gets mentioned," says one female Seagram's executive.

Agec and Cunningham have a lifestyle not unlike many other dual-city career couples. They own a town house in Detroit, where Bendix is based, and rent a suite at the Helmsley Palace in New York. She goes to Detroit every weekend, and he arranges his schedule so they often meet in New York during the week.

She says she would like to have children someday and she would like to settle in one place some-time soon. "I don't know know where that will be though," she says. "We have to wait and see. After all, we could be moving to Morristown, N.J." Allied Corp. has its headquarters in Morris-

Russell Baker is on vacation.

EMPLOYMENT

## Reagans Invite Orphan

life-saving heart surgery. has been invited to the White House. Anita and Robert and Diane Ulchak, the Quincy. Massachusetts, couple who are trying to adopt her, were asked to be the guests of President Ronald Rengan and his wife, Nan-cy, on Nov. 9. That night, the parents will attend a state dinner for President Fernando Belaunde of Peru and his wife. The Ulchaks have appealed to Mrs. Belaunde for help in speeding the adoption of Anits. The couple also adopted a 17-month-old boy, John Paul, from the Lima orphanage where they met Anita, Anita was born with a heart defect, and the Sept. 9 surgery increased the oxygen sup-ply to her blood. She now has better muscle tone and more energy, the Ulchaks said.

Prime Minister Malcolm Fraser of Australia underwent spinal manipulation at Melbourne's Freemasons Hospital to try to relieve sciatic pains. Fraser, 57, was flown from Canberra to Melbourne and admitted to the hospital Sunday suffering from severe back pain. Doctors said it was not known how long Fraser would remain incapacitated. Fraser has suffered from a number of health problems, characterized by a susceptibility to chest infections, since becoming prime minister in 1975. He has had viral influenza, pleurisy and pneu-monia, viral pneumonia and in August last year he took three weeks off work to prevent a viral infection from developing -into oneumonia.

The poet and writer Gyula Illyes celebrated his 80th birthday in Budapest. Illyes received one of Hungary's top decorations, the ruby-studded Order of the Banner of the Republic, from the state council for outstanding literary work. The Communist Party newspaper Nepszabadsag said in a birthday tribute that it was no secret that it had often had disputes and differences with Illyes. An active Com-munist from his youth, the writer was later criticized for rightist tendencies and kept a low profile during Stalinist purges in Hungary after World War II. Born into a farm worker's family on the estate of a wealthy aristocrat, Illyes went into voluntary exile in France after World War I, studying at the Sor-bonne and returning to Hungary

Anita Asto, a 3-year-old Peruvian in 1926. His works have been orphan who came to Boston for translated into many languages
life eaving heart surgery, has been and he has won several international literary awards.

> Moorhead Kennedy says he and the other Americans held captive in Iran were not worth fighting over. "I heard people say after we were released, Let's nuke 'em; let's were released. Let's nuke em let's
> turn Iran into a parking lot. But
> we were just 52 people. We weren't
> worth a war, Kennedy said in
> Pittsburgh. "For America to be a
> world leader, we have to display
> maturity and good sense and not
> merely use hyperfiels and refer merely use hyperbole and heteric, said Kennedy, who was freed with the other, hostages Jan. 20, 1981, after 444 days of captivity at the hands of Iranian militants Kennedy, who turns 52 on Friday, founded the Cathedral Peace Insti-

Sheikh Molammed al-Fassi, the billionaire Saudi Arabian who has made a reputation by donating money to U.S. cities, has enraged officials of Miami Beach by building an opulent mansion on Star Is-land. City Attorney John Ritter said he has started proceedings to place a lien on the sheigh's new estate to pay for restoration of a public park damaged by the sheikh's construction workers. Ritter estimates the damage at \$10,000, caused by 30 heavy tracks used in the mansion's construc-tion. Al-Fassi said he has promised to restore the park, used as a parking lot by the workers, as soon as construction is complete on the es-tate, which is to include two bowling alleys, a 145-foot waterslide, a monorail, shooting gallery, iceskating rink and private mosque. But construction on the three-acre estate has been halted by contractors' sming for unpaid bills, and city officials are not satisfied with the sheikh's promise.

tute in New York a year ago.

John Huston has won the American Film Institute's 1983 Life Achievement Award. Huston, 76, directed such classics as "The Maltese Falcon," "Treasure of Sierra Madre," "Key Largo" and "The African Queen," all staring Humphrey Bogart. More recently, he directed "The Man Who Would Be King" with Sean Connery and Michael Caine. The institute will honor Huston at a dinner March 3 at the Beverly Hilton Hotel in Los

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